



RANCHO MURIETA COMMUNITY SERVICES DISTRICT

15160 JACKSON ROAD
RANCHO MURIETA, CA 95683
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AGENDA

*“Your Independent Local Government Agency Providing
Water, Wastewater, Drainage, Security, and Solid Waste Services”*

REGULAR BOARD OF DIRECTORS MEETINGS ARE HELD
3rd Wednesday of Each Month

REGULAR BOARD MEETING

October 15, 2014

Closed Session 4:00 p.m. * Open Session 5:00 p.m.

RMCS D Administration Building – Board Room

15160 Jackson Road

Rancho Murieta, CA 95683

BOARD MEMBERS

Gerald Pasek	President
Roberta Belton	Vice President
Betty Ferraro	Director
Paul Gumbinger	Director
Michael Martel	Director

STAFF

Joseph Blake	General Manager
Vacant	Director of Administration
Greg Remson	Security Chief
Paul Siebensohn	Director of Field Operations
Suzanne Lindenfeld	District Secretary

RANCHO MURIETA COMMUNITY SERVICES DISTRICT
REGULAR BOARD MEETING
September 17, 2014

Closed Session 4:00 p.m. * Open Session 5:00 p.m.

All persons present at District meetings will place their cellular devices in silent and/or vibrate mode (no ringing of any kind). During meetings, these devices will be used only for emergency purposes and, if used, the party called/calling will exit the meeting room for conversation. Other electronic and internet enabled devices are to be used in the "silent" mode. Under no circumstances will recording devices or problems associated with them be permitted to interrupt or delay District meetings.

AGENDA

- | | RUNNING TIME |
|--|--------------|
| 1. CALL TO ORDER - Determination of Quorum - President Pasek (Roll Call) | 4:00 |
| 2. CLOSED SESSION
<i>Under Government Code 54957.6: Conference with designated Labor Negotiator Joe Blake Regarding Negotiations with the International Union of Operating Engineers, Local 3, AFL-CIO.</i>

<i>Under Government Code 54957: Public Employee Performance Review: Title: General Manager.</i> | 4:10 |
| 3. OPEN SESSION
<i>The Board will discuss items on this agenda, and may take action on those items, including informational items and continued items. The Board may also discuss other items that do not appear on this agenda, but will not act on those items unless action is urgent, and a resolution is passed by a two-thirds (2/3) vote declaring that the need for action arose after posting of this agenda.</i>

<i>The running times listed on this agenda are only estimates and may be discussed earlier or later than shown. At the discretion of the Board, an item may be moved on the agenda and or taken out of order. TIMED ITEMS as specifically noted, such as Hearings or Formal Presentations of community-wide interest, will not be taken up earlier than listed.</i> | 5:00 |
| 4. REPORT ACTION FROM CLOSED SESSION | 5:05 |
| 5. COMMENTS FROM THE PUBLIC
<i>Members of the public may comment on any item of interest within the subject matter jurisdiction of the District and any item specifically agendized. Members of the public wishing to address a specific agendized item are encouraged to offer their public comment during consideration of that item.</i>

<i>With certain exceptions, the Board may not discuss or take action on items that are not on the agenda.</i> | 5:10 |

If you wish to address the Board at this time or at the time of an agenda item, as a courtesy, please state your name and address, and limit your comments to no more than 3 minutes so that others may be allowed to speak.

6. **ADOPT AGENDA (Motion) (5 min.)** 5:15
7. **SPECIAL ANNOUNCEMENTS AND ACTIVITIES (5 min.)** 5:20
8. **CONSENT CALENDAR (Motion) (Roll Call Vote) (5 min.)** 5:25
All the following items in Agenda Item 8 will be approved as one item if they are not excluded from the motion adopting the consent calendar.
 - a. **Approval of Board Meeting Minutes**
 1. September 17, 2014 Regular Board Meeting
 - b. **Committee Meeting Minutes (Receive and File)**
 1. October 2, 2014 Finance Meeting
 2. October 3, 2014 Communication Meeting
 3. October 3, 2014 Security Meeting
 4. October 3, 2014 Improvements Meeting
 - c. **Approval of Bills Paid Listing**
9. **STAFF REPORTS (Receive and File) (5 min.)** 5:30
 - a. General Manager's Report
 - b. Administration/Financial Report
 - c. Security Report
 - d. Water/Wastewater/Drainage Report
10. **CORRESPONDENCE (5 min.)** 5:35
 - a. Email from Jim and Marlene Towns, dated October 3, 2014.
11. **DISCUSS CONCERNS REGARDING BOYS RANCH IN SLOUGHHOUSE AS POSSIBLE HALFWAY HOUSE FOR FEDERAL INMATES, Presentation by Kathy Prizmich and J.T. Weaver from GEO Re-Entry Services (Discussion/Action) (15 min.)** 5:40
12. **CONSIDER ACCEPTING COMMUNITY FACILITIES DISTRICT NO. 2014-1 DRAFT APPRAISAL (Discussion/Action) (Motion) (Roll Call Vote) (5 min.)** 5:55
13. **CONSIDER APPROVING PAYMENT OF INVOICES FOR HOLE 13 NORTH CULVERT CROSSING PROJECT (Discussion/Action) (Motion) (5 min.)** 6:00
14. **CONSIDER APPROVING RANCHO MURIETA NORTH SECURITY GATE PROJECT COOPERATION AND FUNDING AGREEMENT (Discussion/Action) (Motion) (5 min.)** 6:05
15. **CONSIDER APPROVING PROPOSAL FROM ALLSTATE SYSTEMS INTEGRATION, INC., FOR TWO (2) DSX PANELS (Discussion/Action) (Motion) (5 min.)** 6:10

- 16. CONSIDER ADOPTION OF DISTRICT RESOLUTION 2014-27, AMENDING FIXED EMPLOYER’S CONTRIBUTION FOR UNREPRESENTED PUBLIC EMPLOYEE MEDICAL AND HOSPITAL CARE ACT BENEFITS** (Discussion/Action) **(Motion)** **(Roll Call Vote)** (5 min.)

6:15
- 17. CONSIDER ADOPTION OF DISTRICT RESOLUTION 2014-28, AMENDING FIXED EMPLOYER’S CONTRIBUTION FOR REPRESENTED PUBLIC EMPLOYEE MEDICAL AND HOSPITAL CARE ACT BENEFITS** (Discussion/Action) **(Motion)** **(Roll Call Vote)** (5 min.)

6:20
- 18. RECEIVE WATER TREATMENT PLANT EXPANSION PROJECT UPDATE** (5 min.)

6:25
- 19. RECEIVE WATER CONSERVATION UPDATE** (Discussion/Action) (5 min.)

6:30
- 20. CONSIDER CONFERENCE/EDUCATION OPPORTUNITIES** (5 min.)

6:35
- 21. REVIEW MEETING DATES/TIMES FOR THE FOLLOWING:** (5 min.)

6:40

Next Regular Board Meeting: November 19, 201

Committee Meeting Schedule:

✚ Personnel	November 5, 2014 at 9:00 a.m.
✚ Finance	November 6, 2014 at 8:30 a.m.
✚ Security	November 6, 2014 at 9:00 a.m.
✚ Communications	November 7, 2014 at 8:30 a.m.
✚ Improvements	November 7, 2014 at 9:00 a.m.
✚ Joint Security	T.B.A.
✚ Parks -	T.B.A.
✚ Security Ad Hoc	T.B.A.

- 22. COMMENTS/SUGGESTIONS – BOARD MEMBERS AND STAFF**

In accordance with Government Code 54954.2(a), Directors and staff may make brief announcements or brief reports of their own activities. They may ask questions for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda.

6:45

- 23. ADJOURNMENT** (Motion)

6:50

"In accordance with California Government Code Section 54957.5, any writing or document that is a public record, relates to an open session agenda item and is distributed less than 72 hours prior to a regular meeting, will be made available for public inspection in the District offices during normal business hours. If, however, the document is not distributed until the regular meeting to which it relates, then the document or writing will be made available to the public at the location of the meeting."

Note: This agenda is posted pursuant to the provisions of the Government Code commencing at Section 54950. The date of this posting is October 10, 2014. Posting locations are: 1) District Office; 2) Plaza Foods; 3) Rancho Murieta Association; 4) Murieta Village Association.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

Board of Directors Meeting

MINUTES

September 17, 2014

4:00 p.m. Closed Session - 5:00 p.m. Open Session

1. CALL TO ORDER/ROLL CALL

President Gerald Pasek called the regular meeting of the Board of Directors of Rancho Murieta Community Services District to order at 4:00 p.m. in the District meeting room, 15160 Jackson Road, Rancho Murieta. Directors present were Gerald Pasek, Roberta Belton, Betty Ferraro, and Paul Gumbinger. Also present were Joseph Blake, General Manager; Greg Remson, Security Chief; Paul Siebensohn, Director of Field Operations; Tracey Hays, Interim Controller; and Suzanne Lindenfeld, District Secretary. Director Michael Martel was absent.

Joe Blake introduced Ron Greenfield, the new Utilities Supervisor and Tonya Perez, the new Accounting Clerk.

2. DISCUSSION REGARDING AND APPOINTMENT OF LABOR NEGOTIATOR TO REPRESENT THE DISTRICT IN NEGOTIATIONS WITH THE INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 3, AFL-CIO

Katrina Gonzales, District General Counsel, stated that appointing of the District's representative for union negotiations is done in Open Session but union negotiations and discussions between the negotiator and the Board is done in Closed Session.

Motion/Gumbinger to appoint Joseph Blake, General Manager, to represent the District in negotiations with the International Union of Operating Engineers, Local 3, AFL-COS. **Second/Pasek. Ayes: Pasek, Belton, Ferraro, Gumbinger. Noes: None. Absent: Martel.**

3. BOARD ADJOURNED TO CLOSED SESSION AT 4:13 P.M. TO DISCUSS THE FOLLOWING ITEMS:

Under Government Code 54957.6: Conference with Labor Negotiator Determined in Agenda Item 2 Regarding Negotiations with the International Union of Operating Engineers, Local 3, AFL-CIO.

4/5. BOARD RECONVENED TO OPEN SESSION AT 5:00 P.M. AND REPORTED THE FOLLOWING:

Under Government Code 54957.6: Conference with Labor Negotiator Determined in Agenda Item 2 Regarding Negotiations with the International Union of Operating Engineers, Local 3, AFL-CIO. Nothing to report.

6. COMMENTS FROM THE PUBLIC

None.

7. ADOPT AGENDA

Motion/Belton to adopt the agenda. **Second/Ferraro. Ayes: Pasek, Belton, Ferraro, Gumbinger. Noes: None. Absent: Martel.**

8. SPECIAL ANNOUNCEMENT AND ACTIVITIES

None.

9. CONSENT CALENDAR

Motion/Belton to adopt the consent calendar. **Second/Ferraro. Roll Call Vote: Ayes: Pasek, Belton, Ferraro, Gumbinger. Noes: None. Absent: Martel.**

10. STAFF REPORTS

Under Agenda Item 10d, President Pasek asked staff to clarify what the reported reservoir levels indicate. Paul Siebensohn stated that the amount reported is the amount of water in the reservoirs. President Pasek asked that the amount of useable water also be reported.

Under Agenda Item 10b, Director Belton asked how the average gallon per day was reach. John Sullivan stated that it is the average usage over the last three (3) years.

Director Belton asked if Rancho Murieta Association (RMA) is still using water from Laguna Joaquin to water other areas. Joe Blake stated that they are not. Paul stated that RMA is developing a document indicating the raw water irrigation areas throughout the community.

11. CORRESPONDENCE

None.

12. CONSIDER ADOPTION OF ORDINANCE 2014-03, AUTHORIZING LEVY OF SPECIAL TAX WITHIN COMMUNITY FACILITIES DISTRICT NO. 2014-1

Joe Blake gave a brief summary of the recommendation to adopt Ordinance 2014-03. This is the second reading of the Ordinance. The final appraisal should be received on Friday, September 19, 2014.

Motion/Gumbinger to adopt Ordinance 2014-03, authorizing levy of special tax within Community Facilities District No. 2014-1. **Second/Ferraro. Roll Call Vote; Ayes: Pasek, Ferraro, Gumbinger. Noes: None. Abstain: Belton. Absent: Martel.**

13. CONSIDER ADOPTION OF RESOLUTION 2014-25 ACCEPTING THE RETREATS WEST DEVELOPMENT EASEMENTS

Paul Siebensohn gave a brief summary of the recommendation to adopt Resolution 2014-25 accepting the Retreats West Development Easements.

Motion/Belton to adopt Resolution 2014-25 accepting the Retreats West Development Easements. **Second/Ferraro. Roll Call Vote; Ayes: Pasek, Belton, Ferraro, Gumbinger. Noes: None. Absent: Martel.**

14. CONSIDER ADOPTION OF RESOLUTION 2014-26 AUTHORIZING GENERAL MANAGER TO APPROVE CERTAIN CHANGE ORDERS ON THE WATER TREATMENT PLANT EXPANSION PROJECT

Joe Blake gave a brief summary of the recommendation to adopt Resolution 2014-26. Director Gumbinger commented on 1a and 1c in the Resolution. After a discussion, and by consensus of the Board, 1c will be changed to read:

- c. Any change order that increases a trade contract price by an amount less than \$25,000; provided, however, that (i) the cumulative total of all General Manager-approved additive change orders for all trade contracts over the construction period will not exceed \$125,000, and (ii) a summary of all General Manager-approved change orders will be provided to the directors at each regular District Board meeting.

Director Belton stated she is not in agreement with increasing the General Manager's spending authority.

Motion/Gumbinger to adopt Resolution 2014-26 authorizing the General Manager to approve certain change orders on the Water Treatment Plant Expansion Project with the noted change. **Second/Pasek. ROLL CALL VOTE: Ayes: Pasek, Ferraro, Gumbinger. Noes: Belton. Absent: Martel.**

15. CONSIDER APPROVAL OF PROPOSAL FOR FEASIBILITY LEVEL ANALYSIS FOR EXPANSION OF STORAGE AT CALERO RESERVOIR

Joe Blake gave a brief summary of the recommendation to approve the proposal for a feasibility level analysis for expanding the storage at Calero Reservoir. Director Gumbinger stated that there is a misunderstanding in the community as to how deep the reservoir will be. Director Gumbinger stated that she feels it is paramount that the District deepens the reservoirs.

Joe stated that once the analysis is done and the Board approves moving forward with the project, the Army Corp of Engineers will be doing the actual work.

Director Ferraro commented on looking at doing the same to the other reservoirs in the future.

Director Belton commented on her concern that the District is taking on too much at one time and should hold off on doing some these projects until the Water Treatment Plant Expansion Project is completed.

Motion/Gumbinger to approve the proposal from Domenichelli and Associates, Inc., to provide a feasibility level analysis for expansion of storage at the Calero Reservoir, in an amount not to exceed \$9,600.00. Funding to come from Augmentation Reserves. **Second/Ferraro. Ayes: Pasek, Ferraro, Gumbinger. Noes: Belton. Absent: Martel.**

16. RECEIVE WATER TREATMENT PLANT EXPANSION PROJECT UPDATE

Paul Siebensohn gave a brief update on the Water Treatment Plant (WTP) Expansion Project: Plant #1 has been shutdown and the project is in full swing. Construction trailers for the trade contractors are set up in the staging area just outside of the WTP; stormwater erosion control

measures are in place; site work has begun mainly with potholing utilities and saw cutting asphalt; drying bed expansion headwall has been poured and bed concreted, only now needing curing of concrete, drainpipes installed, and sand and gravel place; trenching began for the sewer main extension; CLSM (type of concrete) cut-off trench poured at raw water site and backfilled; trenching began for the 12" filtrate line around Plant #2 with half of the pipe installed so far; horizontal boring and sewer line extension pulled through from one side of the plant to the other.

17. RECEIVE WATER CONSERVATION UPDATE

Paul Siebensohn gave a brief update on water conservation. Water demand has dropped showing compliance. To date, 352 tags have been issued and fines are being issued.

18. CONSIDER CONFERENCE/EDUCATION OPPORTUNITIES

No discussion.

19. REVIEW MEETING DATES/TIMES

President Pasek will not be attending any committee meetings.

20. COMMENTS/SUGGESTIONS

Director Gumbinger commented on RMA wanting to irrigate common area around the gates on non-irrigation dates. Joe stated that he and Paul Siebensohn will look into the request.

Tracey Hays stated that the District received payment of \$43,209 from the WaterSMART Development of Feasibility Studies under the Title XVI Water Reclamation and Reuse Program Feasibility Study Grant which the District was approved for in May 2012. This money will be refunded back to reserves.

Paul Siebensohn reported that next Wednesday, staff will be making water line repairs in front of 6516 Camino Del Lago and traffic controls will be in place.

Joe Blake reported that the piping has been installed at the airport. Staff will be looking at commercial water rates.

Director Gumbinger asked about the status of the Director of Finance/Administration. Joe stated that he is down to the last two (2) candidates.

Director Belton commented on the Board being kept aware of any grants that the District is applying for, the solar farm, and looking at other options for the use of the 10 acres.

Director Ferraro thanked the media for getting out the message regarding water conservation. Director Ferraro and Joe will be meeting with Garden Club.

Mark Pecotich commented on the West Nile spraying. Joe stated that spraying is only done when West Nile has been detected and that the District does not have any control of the spraying.

21. ADJOURNMENT

Motion/Gumbinger to adjourn at 6:33 p.m. **Second/Ferraro. Ayes: Pasek, Belton, Ferraro, Gumbinger. Noes: None. Absent: Martel.**

Respectfully submitted,

Suzanne Lindenfeld
District Secretary

DRAFT

MEMORANDUM

Date: October 7, 2014
To: Board of Directors
From: Finance Committee Staff
Subject: October 2, 2014 Finance Committee Meeting

1. CALL TO ORDER

Director Belton called the meeting to order at 8:30 a.m. Present was Director Belton. Present from District staff were Joe Blake, General Manager; Tracey Hays; Greg Remson, Security Chief; and Paul Siebensohn, Director of Field Operations.

2. COMMENTS FROM THE PUBLIC

None.

3. UPDATES

Water Treatment Plant Expansion Project Financing

Water Treatment Plant (WTP) construction is progressing quickly and costs are being incurred. Mello-Roos CFD formation timeline for bond issuance is still November. Final appraisal will be circulated this week and will be part of the bond offering documents/package.

If the bond offering is not completed in October, we will have to access the Bank of the West developer letter of credit (LOC).

Audit Status

Mr. Bain, our District auditor, came for the initial two (2) day test case examination. Documents examined were satisfactory. There is still work to be completed. We have one year from the end of the fiscal year to complete the audit. Our goal is to finish in October.

4. CFD NO. 2014-1 DRAFT APPRAISAL REPORT

At the August 20, 2014 Regular Board meeting, the District's Board of Directors approved the proposal from Seevers Jordan Ziegenmeyer (SJZ) to conduct an appraisal assignment of the land within the boundaries of Rancho Murieta Community Services District Community Facilities District 2014-1. As a result of their analysis, their opinion is the market value of the subject property is \$22,090,000. **This item will be added to the September 17, 2014 Board of Directors meeting agenda.**

5. DIRECTORS' & STAFF COMMENTS/SUGGESTIONS

Director Belton asked when the new Director of Finance will be starting. Joe Blake stated in October 2014.

6. ADJOURNMENT

The meeting was adjourned at 8:17 a.m.

MEMORANDUM

Date: October 7, 2014
To: Board of Directors
From: Communication & Technology Committee Staff
Subject: October 3, 2014 Communication & Technology Committee Meeting

Director Ferraro called the meeting to order at 8:32 a.m. Present were Directors Ferraro and Martel. Present from District staff were Joseph Blake, General Manager; Greg Remson, Security Chief; and Paul Siebensohn, Director of Field Operations.

COMMENTS FROM THE PUBLIC

None.

PUBLIC OUTREACH

Drought

Compliance is going relatively well as we have been able to drop our water demand from 2.1 million gallons a day (mdg) to recent average of 1.76 mgd. There has been good feedback from the community for the information available on it once they become aware of our website. So far 466 conservation tags have been issued in an effort to promote potable water use conservation.

Integrated Pest Management

Integrated Pest Management (IPM) is an effective and environmentally sensitive approach to pest management that relies on a combination of common-sense practices. IPM programs use current, comprehensive information on the life cycles of pests and their interaction with the environment. This information, in combination with available pest control methods, is used to manage pest damage by the most economical means and with the least possible hazard to people, property, and the environment.

Of the IPM efforts here in Rancho Murieta, staff recommends that insecticides not be used during winter months as insect pests are typically dormant and rain washes the pesticide into our water ways. Using beneficial insects, such as ladybugs, for aphid control and biopesticides is safer. With the midge flies that are prevalent here in the community, it is important to know that using a strong spray of water from a water hose is as effective as spraying them with a pesticide, as they are a weak flying insect with a short lived life cycle.

Biopesticides include naturally occurring substances that control pests (biochemical pesticides), microorganisms that control pests (microbial pesticides), and pesticide substances produced by plants containing added genetic material (plant-incorporated protectants) or PIPs are also an option.

Waste Pick-Ups

Paul reminded everyone that California Waste Recovery Systems (CWRS) provides four (4) bulk scheduled waste pickups a year for the residents of Rancho Murieta. This is especially important to our drainage system in the fall due to the leaves that accumulate and get into the drainage channels.

DIRECTOR & STAFF COMMENTS/SUGGESTIONS

Director Ferraro commented on what areas are irrigated by Rancho Murieta Association (RMA) raw water. Paul Siebensohn said that he had already requested this information from RMA and has received a spreadsheet to list the addresses of them, but has also requested a map which they are working on.

Director Martel suggested that areas that have a common lease agreement with the RMA are added. He also stated that only the Board has the authority to cancel committee meetings. Joe Blake stated said that if there is nothing on the agenda it has been common practice to cancel the meeting and District counsel noted committees have no authority.

Director Martel recommended that Security track businesses entering the District by issuing them barcodes that give them access only within business hours. Chief Remson stated that would be a good idea, but Rancho Murieta Association would have to approve.

Director Ferraro also requested that staff get a street sweeping schedule from the RMA. Staff discussed that they do not believe one is available but will ask.

Resident John Sullivan commented that it would be good to get the email addresses from members of the community once they are registered for barcodes to help with communication of information.

ADJOURNMENT

The meeting was adjourned at 9:11 a.m.

MEMORANDUM

Date: October 7, 2014
To: Board of Directors
From: Security Committee Staff
Subject: October 3, 2014 Security Committee Meeting

1. CALL TO ORDER

Director Martel called the meeting to order at 9:13 a.m. Present were Directors Martel Gumbinger. Present from District staff were Joseph Blake, General Manager; Greg Remson, Security Chief; and Paul Siebensohn, Director of Field Operations. Director Belton was absent.

2. COMMENTS FROM THE PUBLIC

None.

3. MONTHLY UPDATES

Operations

Applications for the vacant Security Patrol Officer position have been light this time. I am going through the applications to set up interviews.

The Security Patrol Officer is still out on a Worker's Comp injury. There is no tentative return date.

Incidents of Note

Chief Remson gave a brief overview of the incidents of note for the month of September 2014.

RMA Citations/Admonishments

Chief Remson reported on the following Rancho Murieta Association (RMA) rule violation citations for the month of September, which included 32 stop sign, 14 overnight street parking, and 19 speeding. RMA rule violation admonishments and/or complaints for the month of September included 21 Loose/off leash dogs, 15 open garage doors, and 10 stop sign.

Rancho Murieta Association Compliance/Grievance/Safety Committee Meeting

The meeting was held on September 8, 2014 at the Rancho Murieta Association (RMA) office. Topics discussed included: estate sale rules, which needed clarification as to the requirements needed to hold an estate sale; boat usage, and fishing rules.

The RM Fishing Club provided suggestions including the prohibition of all guest boats and making all lakes catch & release only. Also the private refuge/discharge of a firearm was discussed. The term "firearm" needed to be clarified and expanded. The rule could also include the use of bb guns, pellet guns, paintball guns, and air soft guns use in common areas due to liability reasons.

There were three letters regarding parking, property maintenance and chickens; and one appearance regarding parking. The next meeting is scheduled for October 6, 2014.

Security Ad Hoc Committee

Nothing to report.

Grants

Joe Blake stated that staff should be hearing back from Homeland Security by the end of October.

4. NEW NORTH GATE

RMA received six bids for the construction of the gate, along with a signed easement for the property on the east side of Murieta Parkway which allows for a third entrance lane. RMA awarded the contract to Diede Construction, Inc. from Lodi.

Gate Access Funding

Chief Remson gave a brief summary of the recommendation to approve the proposal from AllState Systems Integration, Inc., for the purchase and installation of two (2) updated DSX panels - one for the New North Gate and one for the South Gate. **This item will be added to the October 15, 2014 Board of Directors meeting agenda.**

4. DIRECTOR & STAFF COMMENTS

Director Martel suggested staff request Rancho Murieta Association renew information/barcode from residents and vendors.

5. ADJOURNMENT

The meeting adjourned at 9:40 a.m.

MEMORANDUM

Date: October 7, 2014
To: Board of Directors
From: Improvements Committee Staff
Subject: October 3, 2014 Committee Meeting Minutes

1. CALL TO ORDER

Director Gumbinger called the meeting to order at 10:01 a.m. Present were Directors Gumbinger and Martel. Present from District staff were Joseph Blake, General Manager; Greg Remson, Security Chief; and Paul Siebensohn, Director of Field Operations. Director Pasek was absent.

2. COMMENTS FROM THE PUBLIC

None.

3. UPDATES

Augmentation Well

This project is currently on hold pending rebidding which will take place once commercial drillers become available.

Master Reclamation Permit

Tentative new Waste Discharge Requirements (WDRs) for the District have been posted on the Water Board's website. Staff is reviewing the WDRs and will be submitting comments. We are on track for adoption at their December meeting.

Water Treatment Plant Expansion Project

Paul Siebensohn gave a brief update on the Water Treatment Plant Expansion Project. Water Treatment Plant #1 is off line and demolition has begun on it. Plant #2 is providing the water for the community. We recently received an updated schedule from GE. The new schedule has most items being delivered before 2015, with the exception of the membrane cassettes which are scheduled to arrive in March.

Conservation

The community is doing well on conserving water. We received 0.4" of rain this past week. The average water production for the non-irrigation days average 1.02 million gallons per day (mgd). Irrigation days are averaging around 1.91 mgd. So far, 466 conservation tags have been.

4. APPROVE HOLE 13 NORTH COSTS

Paul Siebensohn gave a brief summary of the recommendation to approve payment of the invoice from Rancho Murieta Country Club for purchase of sod, removal of existing sod and laying of sod for the 13 North Culvert Crossing Project; invoice from Carrillo Enterprises for drain pipe replacement, concrete headwall repairs for the 13 North Culvert Crossing Project; and 950 invoice

from JB Bostick for asphalt patching for 13 North Culvert Crossing Project. All work has been completed. **This item will be added to the October 15, 2014 Board of Directors meeting agenda.**

5. DIRECTORS' & STAFF COMMENTS/SUGGESTIONS

Director Martel stated that he wanted a copy of the names of those residents who were violating the irrigation allowance. Paul noted that only addresses are listed on staff's tracking spreadsheet.

6. ADJOURNMENT

The meeting was adjourned at 10:47 a.m.

DRAFT

MEMORANDUM

Date: October 9, 2014
 To: Board of Directors
 From: Tracey Hays, Interim Controller
 Subject: Bills Paid Listing

Enclosed is the Bills Paid Listing Report for **September 2014**. Please feel free to call me before the Board meeting regarding any questions you may have relating to this report. This information is provided to the Board to assist in answering possible questions regarding large expenditures.

The following major expense items (excluding payroll related items) are listed *in order as they appear* on the Bills Paid Listing Report:

Vendor	Project/Purpose	Amount	Funding
AppleOne Employment Services	Admin Temp Services	\$7,362.50	Operating Expense
Bartkiewicz, Kronick & Shanahan	Legal Services	\$10,153.72	Operating Expense
California Waste Recovery Systems	Solid Waste Monthly Contract	\$46,041.72	Operating Expense
Domenichelli and Associates, Inc.	Feasibility analysis: Calero	\$6,930.00	Operating Expenses
Dunbar Air Conditioning Heating & Ref Service	HVAC Utility Office	\$5,249.83	Operating Expense
Regional Water Authority	Annual Dues	\$7,002.00	Operating Expense
Sacramento Metropolitan Air Quality Mgt	Annual Permit	\$10,744.00	Operating Expense
US Bank Corp	Monthly Gasoline Bill	\$5,570.45	Operating Expense
AECOM Technical Services Inc	Recycled Water Distribution System	\$30,183.62	Reserve Funding
Bockman & Woody Electric Co. Inc	WTP #1 Expansion	\$61,750.00	Reserve Funding
California Laboratory Services	Monthly Lab Tests	\$8,711.22	Operating Expenses
Carrillo Enterprises	Culvert Replace: Hole #13	\$10,657.50	Operating Expenses
JD Paquetti	WTP #1 Expansion	\$130,575.00	Reserve Funding
Marquee Fire Protection	WTP #1 Expansion	\$6,056.25	Reserve Funding
NTU Technologies, Inc.	Chemicals	\$5,954.76	Operating Expenses
SMUD	Monthly Electricity	\$36,308.85	Operating Expenses
Seever Jordan Ziegenmeyer	Appraisal No. 2014-1	\$20,000.00	Developer Deposit

Rancho Murieta Community Services District
Bills Paid Listing for September 2014

Ck Number	Date	Vendor	Amount	Purpose
EFT	9/2/2014	EFTPS	9447.61	Payroll
CM28604	9/4/2014	California Public Employees' Retirement Sys	\$32,321.39	Payroll
CM28605	9/4/2014	Guardian Life Insurance	\$4,834.75	Payroll
CM28606	9/4/2014	Vision Service Plan (CA)	\$482.36	Payroll
CM28607	9/12/2014	A Leap Ahead IT	\$4,609.94	Monthly IT Service/Monitors
CM28608	9/12/2014	American Family Life Assurance Co.	\$478.40	Payroll
CM28609	9/12/2014	Apple One Employment Services	\$7,362.50	Administrative Temp - Hays
CM28610	9/12/2014	Aramark Uniform & Career Apparel, LLC	\$295.39	Uniform Service
CM28611	9/12/2014	ASR - Sacramento Uniform	\$295.82	Uniform - Taylor
CM28612	9/12/2014	Baldwin Cooke Company	\$203.21	2015 Monthly Scheduler
CM28613	9/12/2014	Bartkiewicz, Kronick & Shanahan	\$10,153.72	Legal Services
CM28614	9/12/2014	California Waste Recovery Systems	\$46,041.72	Solid Waste Monthly Contract
CM28615	9/12/2014	CDW Government Inc.	\$795.62	Cisco Smartnet
CM28616	9/12/2014	Capital One Commercial	\$453.26	Monthly Supplies
CM28617	9/12/2014	Daily Journal Corporation	\$399.67	Public Hearing 9/5/14
CM28618	9/12/2014	Domenichelli and Associates, Inc	\$6,930.00	Feasibility analysis: Calero
CM28619	9/12/2014	Dunbar Air Conditioning Heating & Ref Servi	\$5,249.83	HVAC utility office
CM28620	9/12/2014	Employment Development Department	\$3,062.23	Payroll
CM28621	9/12/2014	Express Office Products, Inc.	\$1,105.29	Office Supplies
CM28622	9/12/2014	FedEx Office and Print Services	\$388.32	Banners: WTP Mandatory Conservation
CM28623	9/12/2014	Franchise Tax Board	\$75.00	Payroll
CM28624	9/12/2014	Gallery & Barton	\$626.08	Legal Services
CM28625	9/12/2014	Hach Company	\$488.16	Maint/Repair Supplies
CM28626	9/12/2014	HYDEC	\$3,532.23	Maint/Repair Supplies
CM28627	9/12/2014	J B Bostick Company	\$3,250.00	Asphalt Repair
CM28628	9/12/2014	Konecranes Inc.	\$395.00	Quarterly Crane Inspection
CM28629	9/12/2014	Legal Shield	\$91.95	Payroll
CM28630	9/12/2014	Nationwide Retirement Solution	\$476.00	Payroll
CM28631	9/12/2014	Operating Engineers Local Union No. 3	\$565.50	Payroll
CM28632	9/12/2014	Plaza Foods Supermarket	\$5.39	Supplies
CM28633	9/12/2014	Pollardwater.com	\$658.09	Valve Box Locator
CM28634	9/12/2014	Rancho Murieta Ace Hardware	\$249.61	Monthly Supplies
CM28635	9/12/2014	Regional Water Authority	\$7,002.00	Annual Dues
CM28636	9/12/2014	Romo Landscaping	\$385.00	Landscaping
CM28637	9/12/2014	Sacramento Bee	\$1,100.90	Ad for DOA/Patrol
CM28638	9/12/2014	Sacramento Metropolitan Air Quality Mgt. Di	\$10,744.00	Annual Permit
CM28639	9/12/2014	Sierra Office Supplies	\$394.20	Office Supplies
CM28640	9/12/2014	Sprint	\$797.32	Monthly Cell Phone Bill
CM28641	9/12/2014	State of California	\$64.00	Finger printing process
CM28642	9/12/2014	TASC	\$81.15	Payroll

Rancho Murieta Community Services District
Bills Paid Listing for September 2014

Ck Number	Date	Vendor	Amount	Purpose
CM28643	9/12/2014	TelePacific Communications	\$502.07	Monthly Phone Bill
CM28644	9/12/2014	U.S. Bank Corp. Payment System	\$5,570.45	Monthly Gasoline Bill
CM28645	9/12/2014	U.S. HealthWorks Medical Group, PC	\$155.00	Pre-emp Fuentes
CM28646	9/12/2014	Univar USA Inc.	\$3,585.00	Chemicals
CM28647	9/12/2014	W.W. Grainger Inc.	\$1,014.23	Supplies/Tools
CM28648	9/15/2014	County of Sacramento	\$60.00	Special Tax Lien
EFT	9/15/2014	EFTPS	\$ 11,414.80	Payroll
EFT	9/15/2014	EFTPS	\$ 77.31	Payroll
CM28649	9/17/2014	County of Sacramento	\$45.00	
CM28650	9/17/2014	State Water Resources Control Board	\$563.00	Assignment of Easement Rights
CM28651	9/26/2014	Action Cleaning Systems	\$1,172.00	Monthly Cleaning Services
CM28652	9/26/2014	AECOM Technical Services, Inc.	\$30,183.62	Recycled Water Distribution System
CM28653	9/26/2014	American Family Life Assurance Co.	\$478.40	Payroll
CM28654	9/26/2014	Apple One Employment Services	\$2,480.00	Administrative Temp - Hays
CM28655	9/26/2014	Aramark Uniform & Career Apparel, LLC	\$201.64	Uniform Service
CM28656	9/26/2014	ASR - Sacramento Uniform	\$295.82	Uniform - Quevedo
CM28657	9/26/2014	AT&T	\$100.00	Monthly Internet Bill
CM28658	9/26/2014	AT&T	\$837.02	Monthly Phone Bill
CM28659	9/26/2014	Atkins North America, Inc.	\$1,800.00	Augmentation Well Pipeline
CM28660	9/26/2014	Blue Moon Industries	\$128.00	Annual Support
CM28661	9/26/2014	Bockmon & Woody Electric Co. Inc	\$61,750.00	WTP #1 Expansion
CM28662	9/26/2014	California Laboratory Services	\$8,711.22	Monthly Lab Tests
CM28663	9/26/2014	Caltronics Business Systems	\$1,715.96	Copier Maintenance
CM28664	9/26/2014	Carrillo Enterprises	\$10,657.50	Culvert Replace: Hole #13
CM28665	9/26/2014	CDW Government Inc.	\$4,172.50	Toughbook
CM28666	9/26/2014	County of Sacramento	\$2,410.69	Off Duty Sheriff's Program
CM28667	9/26/2014	County of Sacramento	\$27.00	Livescan: Perez
CM28668	9/26/2014	DrawingBoard Printing	\$150.15	Mailing Labels
CM28669	9/26/2014	Employment Development Department	\$2,640.50	Payroll
CM28670	9/26/2014	Eurofins Eaton Analytical, Inc.	\$250.00	MIB/Geosmine testing
CM28671	9/26/2014	Evoqua Water Technologies	\$1,309.60	Maint/Repair Supplies
CM28672	9/26/2014	Antoine Fleming	\$100.00	Toilet Rebate
CM28673	9/26/2014	Folsom Lake Fleet Services	\$792.95	Service 221
CM28674	9/26/2014	Ford Motor Credit Company LLC	\$234.78	2012 Ford Escape Lease Payment
CM28675	9/26/2014	Franchise Tax Board	\$75.00	Payroll
CM28676	9/26/2014	Howe It's Done	\$284.87	Board Meeting Dinner
CM28677	9/26/2014	J B Bostick Company	\$3,090.00	Paving Puerto/Fuente De Paz
CM28678	9/26/2014	J.D. Pasquetti	\$130,575.00	WTP #1 Expansion
CM28679	9/26/2014	Legal Shield	\$91.95	Payroll
CM28680	9/26/2014	Marquee Fire Protection	\$6,056.25	WTP #1 Expansion
CM28681	9/26/2014	Nationwide Retirement Solution	\$476.00	Payroll

MEMORANDUM

Date: October 15, 2014
To: Board of Directors
From: Joseph Blake, General Manager
Subject: General Manager's Report

The following are highlights since our last Board Meeting.

Employee Relations

In September, PERS mailed out medical insurance enrollment packages to employees' residences. Open enrollment continues through med October 2014 for coverage and or provider changes. HR is meeting individually with employees to review coverage, insurance premiums and employer/employee cost sharing.

Started Teamsters OE 3 local contract negotiations.

Finance/IT

Larry Bain, our auditor, will return later this month (October 30, 2014) to finish the audit. All requested material has been provided in digital form. He hopes to complete the draft audit in time for the November Finance Committee meeting.

Security

Chief Remson is accepting applications for the open Patrol Officer position and for the Gate Officer opening.

AD Hoc Security Committee will meet to review bids for new North Gate equipment.

Water

WTP construction continues to make good progress. All long lead items will now be delivered by end of December. Cartridges (membranes) will now arrive in February 2015 from Hungary.

Wastewater

Operations report has details on Master Water Discharge Permit.

Drainage

Winter/Rainy Season preparations continue. Vegetation control, storm drain clean out and visual inspection of all detention ponds, swales and runoff areas is in progress.

Solid Waste

Just a reminder that California Waste Recovery Systems will be picking up on Thanksgiving Day, beginning at 6:00 a.m.

Engineering**Augmentation Well**

Met with hydrologist and geologists (NV5) to see if additional drillers can be solicited for our project . Will go out to bid as soon as identified.

Master Reclamation Permit Application

Staff is reviewing the tentative new Waste Discharge Requirements (WDRs) for the District that is posted on the Water Board's website. Comments for the proposed WDRs are due by 5:00 p.m. October 27, 2014.

Conservation

The community is doing well to conserve water. The average water production for the midweek non-irrigation days is 1.02 million gallons per day (mgd). On irrigation days, production demand is averaging around 1.91 mgd.

Priority / Probability	Description	Agency
1	Critical Infrastructure: Security \$5M request. Cameras, Fencing, Access Control, Gates, Digital Storage	Department of Homeland Security
8	Solar Power: Photovoltaic System 5 Megawatt array Agency Determined Award Amount	Department of Energy
5	Electric Vehicles: Patrol Vehicles Quantity 5 SUV;s, 2 Pickups	Department of Energy
3	Waste Water Treatment Plant: MBR \$12M request	Environmental Protection Agency
7	Recycled Water Storage Tanks \$7M request (three 5 million gallon tanks)	Environmental Protection Agency
6	Water/Sewer/Storm main replacement: Murieta Village \$8M request	Environmental Protection Agency
2	Calero, Chesbro, Clementia Storage Increase	Army Corp of Engineers
2	Calero, Chesbro, Clementia Storage Increase for FY 2014/2015 Joint Agency Project with ACOE	Bureau of Reclamation
9	Water Quality Testing Mini Lab Provides real time testing of district water	Environmental Protection Agency
4	District SCADA System: Water/WasteWater Request: \$4.5 M	Environmental Protection Agency

RMCS D Grant Summary: FY2014 / FY 2015

MEMORANDUM

Date: October 9, 2014
 To: Board of Directors
 From: Tracey Hays, Interim Controller
 Subject: Administration/Financial Reports

Enclosed is a combined financial summary report for **September 2014**. Following are highlights from various internal financial reports. Please feel free to call me before the Board meeting regarding any questions you may have relating to these reports.

This information is provided to the Board to assist in answering possible questions regarding under or over-budget items. In addition, other informational items of interest are included.

Water Consumption - Listed below are year-to-date water consumption numbers using weighted averages:

		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	12 month rolling % increase												
Residences	0.0	2,513	2514	2514									
	Weighted average	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Cubic Feet	2.383	2383	2403	2037									
Gallons per day	594	594	599	508									
Planning Usage GPD	583												

Lock-Offs - For the month of September, there were 21 lock-offs.

Aging Report – Delinquent accounts total \$51,495 which is 9.6% of the total accounts receivable balance of \$534,451. Past due receivables, as a percent of total receivables, have decreased approximately \$12,349 since July.

Summary of Reserve Accounts as of September 30, 2014 – The District’s reserve accounts have increased \$177,950, year to date, since July 1, 2014. The increase is due to the reserve amounts collected in the Water and Sewer base rates and interest earned. The District has expended \$375,742 of reserves since the beginning of the fiscal year, which started July 1, 2014. The total amount of reserves held by the District as of September 30, 2014 is \$8,494,316. Please see the Reserve Fund Balances table below for information by specific reserve account.

Reserve Fund Balances

<i>Reserve Descriptions</i>	<i>Fiscal Yr Beg Balance July 1, 2014</i>	<i>YTD Collected & Interest Earned</i>	<i>YTD Spent</i>	<i>Period End Balance September 30, 2014</i>
Water Capital Replacement (200-2505)	2,837,611	52,774	(339,807)	2,550,578
Sewer Capital Replacement (250-2505)	2,443,274	65,315	(12,877)	2,495,712
Drainage Capital Replacement (260-2505)	58,010	0	(2,205)	55,805
Security Capital Replacement (500-2505)	101,509	0	(0)	101,509
Admin Capital Replacement (xxx-2505-99)	38,382	0	0	38,382
Sewer Capital Improvement Connection (250-2500)	4,018	0	(0)	4,018
Capital Improvement (xxx-2510)	393,628	2,122	(0)	395,750
Water Supply Augmentation (200-2511)	2,256,479	8,685	(20,853)	2,244,311
Water Debt Service Reserves (200-2512)	289,414	31,743	(0)	321,157
Sewer Debt Service Reserves (250-2512)	267,471	17,311	(0)	284,782
Rate Stabilization (200/250/500-2515)	2,312	0	(0)	2,312
Total Reserves	8,692,108	177,950	(375,742)	8,494,316

PARS GASB 45 Trust - The PARS GASB 45 Trust, which is the investment trust established to fund Other Post Employment Benefits, had the following returns:

Period ended August 31, 2014		
1-Month	3-Months	1-Year
2.00%	1.95%	14.26%

Financial Summary Report (year to date through September 30, 2014)

Revenues:

Water Charges, year-to-date, are **below** budget \$60,264 or (9.4%)

Sewer Charges, year-to-date, are **below** budget \$1,268 or (0.39%)

Drainage Charges, year-to-date, are **above** budget \$847 or 1.85%

Security Charges, year-to-date, are **above** budget \$461 or 0.29%

Solid Waste Charges, year-to-date, are **below** budget \$765 or 0.24%

Total Revenues, which includes other income, property taxes and interest income year-to-date, are **below** budget \$61,588 or (3.8%) (due to water conservation efforts).

Expenses: Year-to-date total operating expenses are **below** budget \$89,148 or (6.1) %. Year-to-date operational reserve expenditures total \$5,627. Operational reserve expenditures cover projects funded from reserves which are also recorded as operational expenses through the income statement as required by Generally Accepted Accounting Principles (GAAP).

Water Expenses, year-to-date, are **below** budget \$74,909 or (16.14%), prior to reserve expenditures. Taste & Odor Chemicals are running below budget by \$24,160 plus maintenance and repair under-runs amounting to \$51, 957 are the largest contributors to the budget variance. These expenditures may occur in further months. Year-to-date \$2,610 of expenses have been incurred from reserves expenditures.

Sewer Expenses, year-to-date, are **below** budget by \$23,927 or (9.14%), prior to reserve expenditures. Wages and subsequently employer costs are under budget by \$25,737. Year-to-date \$665 of expenses have been incurred from reserves expenditures.

Drainage Expenses, year-to-date, are **above** budget by \$20,163 or 65.93%. This variance to the budget is due mostly to increased labor hours as wages by \$12,873 and equipment rental expenditures totaling \$8,574 above budget. Year-to-date \$2,352 of expenses have been incurred from reserves expenditures.

Security Expenses, year-to-date, are **below** budget by \$7,151 or (2.86%). This reduction is due mostly to staffing gaps in the patrol and gate personnel.

Solid Waste Expenses, year-to-date, are **above** budget by \$672 or 0.46%. This increase in the expenses over budget is reflected in the timing of payments to Cal Waste monthly contract.

General Expenses, year-to-date, are **below** budget by \$4,001 or (1.3%). The variance to the budget is due primarily to the vacancy of the Director of Administration position, affecting both wages and employer costs. This variance is offset by legal and clerical services.

Net Income: Year-to-date unadjusted net income, before depreciation, is \$185,568. Net income/(Loss) adjusted for estimated depreciation expense is not currently available until the 2014 yearend audit is complete.

The YTD expected net operating income before depreciation, per the 2014-2015 budget is \$134,858.

Rancho Murieta Community Services District
Summary Budget Performance Report
YTD THROUGH SEPTEMBER 2014

	% of Total	Annual Budget	% of Total	YTD Budget	YTD Actuals	% of Total	YTD VARIANCE	
							Amount	%
REVENUES								
Water Charges	33.1%	\$1,963,040	38.9%	\$631,116	\$570,390	36.5%	(\$60,726)	(9.6%)
Sewer Charges	21.7%	1,286,784	19.8%	321,597	321,354	20.6%	(243)	(0.1%)
Drainage Charges	3.1%	183,456	2.8%	45,864	45,871	2.9%	7	0.0%
Security Charges	20.8%	1,231,021	19.0%	307,755	307,895	19.7%	140	0.0%
Solid Waste Charges	10.7%	631,830	9.7%	157,956	158,517	10.2%	561	0.4%
Other Income	1.9%	114,710	1.7%	28,224	27,137	1.7%	(1,087)	(3.9%)
Interest Earnings	0.0%	1,190	0.0%	296	56	0.0%	(240)	(81.1%)
Property Taxes	8.8%	519,960	8.0%	129,990	129,990	8.3%		0.0%
Total Revenues	100.0%	5,931,991	100.0%	1,622,798	1,561,210	100.0%	(61,588)	(3.8%)
OPERATING EXPENSES								
Water/Sewer/Drainage								
Wages	13.8%	810,420	12.5%	181,900	187,260	13.7%	5,360	2.9%
Employer Costs	7.0%	412,790	6.6%	97,001	90,893	6.6%	(6,108)	(6.3%)
Power	6.9%	406,913	6.5%	94,963	78,739	5.7%	(16,224)	(17.1%)
Chemicals	4.1%	240,200	6.3%	91,795	58,016	4.2%	(33,779)	(36.8%)
Maint & Repair	5.9%	345,470	6.3%	91,755	67,708	4.9%	(24,047)	(26.2%)
Meters/Boxes	0.9%	54,000	0.8%	11,750	6,346	0.5%	(5,404)	(46.0%)
Lab Tests	1.3%	74,250	1.1%	16,700	22,753	1.7%	6,053	36.2%
Permits	1.1%	65,600	1.1%	15,900	19,674	1.4%	3,774	23.7%
Training/Safety	0.3%	19,752	0.5%	7,475	898	0.1%	(6,577)	(88.0%)
Equipment Rental	0.9%	50,500	0.7%	9,500	21,588	1.6%	12,088	127.2%
Other	8.1%	474,144	9.4%	137,739	123,932	9.0%	(13,807)	(10.0%)
Subtotal Water/Sewer/Drainage	50.2%	2,954,039	51.8%	756,478	677,807	49.5%	(78,671)	(10.4%)
Security								
Wages	10.8%	637,600	9.8%	143,100	136,744	10.0%	(6,356)	(4.4%)
Employer Costs	6.1%	357,500	5.8%	84,100	80,630	5.9%	(3,470)	(4.1%)
Off Duty Sheriff Patrol	0.1%	6,000	0.1%	1,500	1,915	0.1%	415	27.7%
Other	1.6%	93,483	1.5%	21,323	23,584	1.7%	2,261	10.6%
Subtotal Security	18.6%	1,094,583	17.1%	250,023	242,873	17.7%	(7,150)	(2.9%)
Solid Waste								
CWRS Contract	9.3%	549,840	9.4%	137,460	138,179	10.1%	719	0.5%
Sacramento County Admin Fee	0.6%	34,920	0.6%	8,730	8,684	0.6%	(46)	(0.5%)
HHW Event	0.2%	12,000	0.0%			0.0%		0.0%
Subtotal Solid Waste	10.1%	596,760	10.0%	146,190	146,863	10.7%	673	0.5%
General / Admin								
Wages	9.4%	552,900	9.8%	142,500	99,408	7.3%	(43,092)	(30.2%)
Employer Costs	5.2%	305,000	5.2%	76,500	55,317	4.0%	(21,183)	(27.7%)
Insurance	1.3%	77,290	1.3%	19,321	20,429	1.5%	1,108	5.7%
Legal	0.5%	30,000	0.5%	7,500	29,984	2.2%	22,484	299.8%
Office Supplies	0.4%	22,800	0.4%	5,700	3,828	0.3%	(1,872)	(32.8%)
Director Meetings	0.3%	18,000	0.3%	4,500	5,400	0.4%	900	20.0%
Telephones	0.1%	4,800	0.1%	1,200	1,321	0.1%	121	10.1%
Information Systems	1.3%	79,400	1.1%	15,504	16,042	1.2%	538	3.5%
Community Communications	0.1%	5,900	0.1%	1,350	660	0.0%	(690)	(51.1%)
Postage	0.4%	22,202	0.4%	5,551	4,500	0.3%	(1,051)	(18.9%)
Janitorial/Landscape Maint	0.3%	17,820	0.3%	4,455	4,584	0.3%	129	2.9%
Other	1.8%	107,171	1.5%	22,391	60,999	4.5%	38,608	172.4%
Subtotal General / Admin	21.1%	1,243,283	21.0%	306,472	302,472	22.1%	(4,000)	(1.3%)
Total Operating Expenses	100.0%	5,888,665	100.0%	1,459,163	1,370,015	100.0%	(89,148)	(6.1%)
Operating Income (Loss)	100.0%	43,326	100.0%	163,635	191,195	100.0%	27,560	16.8%
Non-Operating Expenses								
Water Reserve Expenditure	0.0%		0.0%		2,610	46.4%	2,610	0.0%
Sewer Reserve Expenditure	0.0%		0.0%		665	11.8%	665	0.0%
Drainage Reserve Expenditure	0.0%		0.0%		2,352	41.8%	2,352	0.0%
Total Non-Operating Expenses	0.0%		0.0%		5,627	100.0%	5,627	0.0%
Net Income (Loss)	100.0%	43,326	100.0%	163,635	185,568	100.0%	21,933	13.4%

Rancho Murieta Community Services District
Budget Performance Report by FUND
YTD THROUGH SEPTEMBER 2014

	% of Total	Annual Budget	% of Total	YTD Budget	YTD Actuals	% of Total	YTD VARIANCE Amount %	
WATER								
REVENUES								
Water Charges	98.5%	\$1,963,040	98.8%	\$631,116	\$570,390	98.6%	(\$60,726)	(9.6%)
Interest Earnings	0.0%	80	0.0%	20		0.0%	(20)	(100.0%)
Other Income	1.5%	29,460	1.2%	7,365	7,847	1.4%	482	6.5%
Total Water Revenues	100.0%	1,992,580	100.0%	638,501	578,237	100.0%	(60,264)	(9.4%)
EXPENSES (excluding depreciation)								
Wages	25.5%	437,630	21.2%	98,226	107,302	27.6%	9,076	9.2%
Employer Costs	13.0%	223,220	11.3%	52,381	51,922	13.3%	(459)	(0.9%)
Power	14.7%	252,702	12.1%	55,937	47,858	12.3%	(8,079)	(14.4%)
Chemicals	7.3%	124,500	8.2%	37,885	22,277	5.7%	(15,608)	(41.2%)
T&O - Chemicals/Treatment	3.0%	51,000	6.9%	31,900	5,490	1.4%	(26,410)	(82.8%)
Maint & Repair	9.4%	161,070	10.7%	49,505	24,455	6.3%	(25,050)	(50.6%)
Meters/Boxes	3.1%	54,000	2.5%	11,750	6,346	1.6%	(5,404)	(46.0%)
Lab Tests	2.1%	36,000	1.6%	7,500	3,232	0.8%	(4,268)	(56.9%)
Permits	1.9%	32,000	1.6%	7,500	9,087	2.3%	1,587	21.2%
Training/Safety	0.4%	7,500	0.4%	1,825	266	0.1%	(1,559)	(85.4%)
Equipment Rental	1.7%	30,000	1.1%	5,000	9,400	2.4%	4,400	88.0%
Other Direct Costs	17.9%	307,364	22.6%	104,793	101,659	26.1%	(3,134)	(3.0%)
Operational Expenses	100.0%	1,716,986	100.0%	464,202	389,294	100.0%	(74,908)	(16.1%)
Water Income (Loss)	16.1%	275,594	37.5%	174,299	188,943	48.5%	14,644	8.4%
38.9% Net Admin Alloc	16.0%	275,492	14.5%	67,356	66,034	17.0%	(1,322)	(2.0%)
Reserve Expenditures	0.0%		0.0%		2,610	0.7%	2,610	0.0%
Total Net Income (Loss)	0.0%	102	23.0%	106,943	120,299	30.9%	13,356	12.5%
SEWER								
REVENUES								
Sewer Charges	98.4%	1,286,784	98.4%	321,597	321,354	98.8%	(243)	(0.1%)
Interest Earnings	0.0%	140	0.0%	30		0.0%	(30)	(100.0%)
Other Income	1.5%	20,190	1.5%	5,046	4,051	1.2%	(995)	(19.7%)
Total Sewer Revenues	100.0%	1,307,114	100.0%	326,673	325,405	100.0%	(1,268)	(0.4%)
EXPENSES (excluding depreciation)								
Wages	28.8%	316,060	27.1%	70,941	54,352	22.9%	(16,589)	(23.4%)
Employer Costs	14.7%	160,720	14.5%	37,830	28,682	12.1%	(9,148)	(24.2%)
Power	12.9%	141,021	13.9%	36,354	29,907	12.6%	(6,447)	(17.7%)
Chemicals	6.4%	70,300	10.0%	26,160	31,830	13.4%	5,670	21.7%
Maint & Repair	15.7%	172,500	15.0%	39,250	41,013	17.2%	1,763	4.5%
Lab Tests	3.5%	38,250	3.5%	9,200	19,521	8.2%	10,321	112.2%
Permits	2.6%	28,600	3.2%	8,400	10,587	4.5%	2,187	26.0%
Training/Safety	1.1%	12,200	2.2%	5,650	632	0.3%	(5,018)	(88.8%)
Equipment Rental	1.5%	16,000	1.5%	4,000	3,114	1.3%	(886)	(22.2%)
Other Direct Costs	12.9%	141,040	9.1%	23,911	18,132	7.6%	(5,779)	(24.2%)
Operational Expenses	100.0%	1,096,691	100.0%	261,696	237,770	100.0%	(23,926)	(9.1%)
Sewer Income (Loss)	19.2%	210,423	24.8%	64,977	87,635	36.9%	22,658	34.9%
29.7% Net Admin Alloc	19.2%	210,336	19.7%	51,426	50,417	21.2%	(1,009)	(2.0%)
Reserve Expenditures	0.0%		0.0%		665	0.3%	665	0.0%
Total Net Income (Loss)	0.0%	87	5.2%	13,551	36,553	15.4%	23,002	169.7%
DRAINAGE								
REVENUES								
Drainage Charges	100.0%	183,456	100.0%	45,864	45,871	100.0%	7	0.0%
Interest Earnings	0.0%	50	0.0%	15		0.0%	(15)	(100.0%)
Total Drainage Revenues	100.0%	183,506	100.0%	45,879	45,871	100.0%	(8)	0.0%
EXPENSES (excluding depreciation)								
Wages	40.4%	56,730	41.6%	12,733	25,606	50.5%	12,873	101.1%
Employer Costs	20.6%	28,850	22.2%	6,790	10,289	20.3%	3,499	51.5%
Power	9.4%	13,190	8.7%	2,672	974	1.9%	(1,698)	(63.5%)
Chemicals	3.8%	5,400	4.4%	1,350	1,669	3.3%	319	23.6%
Maint & Repair	8.5%	11,900	9.8%	3,000	2,240	4.4%	(760)	(25.3%)
Permits	3.6%	5,000	0.0%			0.0%		0.0%
Equipment Rental	3.2%	4,500	1.6%	500	9,074	17.9%	8,574	1,714.8%
Other Direct Costs	10.5%	14,792	11.6%	3,535	891	1.8%	(2,644)	(74.8%)
Operational Expenses	100.0%	140,362	100.0%	30,580	50,743	100.0%	20,163	65.9%
Drainage Income (Loss)	30.7%	43,144	50.0%	15,299	(4,872)	-9.6%	(20,171)	(131.8%)
6.1% Net Admin Alloc	30.8%	43,200	34.5%	10,562	10,354	20.4%	(208)	(2.0%)
Reserve Expenditures	0.0%		0.0%		2,352	4.6%	2,352	0.0%
Total Net Income (Loss)	0.0%	(56)	15.5%	4,737	(17,578)	-34.6%	(22,315)	(471.1%)
SECURITY								
REVENUES								
Security Charges	96.1%	1,231,021	96.1%	307,755	307,895	96.3%	140	0.0%
Interest Earnings	0.0%	400	0.0%	100		0.0%	(100)	(100.0%)

Rancho Murieta Community Services District
Budget Performance Report by FUND
YTD THROUGH SEPTEMBER 2014

	<u>% of</u>	<u>Annual</u>	<u>% of</u>	<u>YTD</u>	<u>YTD</u>	<u>% of</u>	<u>YTD VARIANCE</u>	
	<u>Total</u>	<u>Budget</u>	<u>Total</u>	<u>Budget</u>	<u>Actuals</u>	<u>Total</u>	<u>Amount</u>	<u>%</u>
Other Income	3.9%	\$50,060	3.9%	\$12,513	\$11,708	3.7%	(\$805)	(6.4%)
Total Security Revenues	100.0%	1,281,481	100.0%	320,368	319,603	100.0%	(765)	(0.2%)
EXPENSES (excluding depreciation)								
Wages	58.3%	637,600	57.2%	143,100	136,744	56.3%	(6,356)	(4.4%)
Employer Costs	32.7%	357,500	33.6%	84,100	80,630	33.2%	(3,470)	(4.1%)
Equipment Repairs	0.4%	4,400	0.4%	1,101	715	0.3%	(386)	(35.1%)
Vehicle Maintenance	0.6%	6,700	0.7%	1,675	2,631	1.1%	956	57.1%
Vehicle Fuel	1.9%	20,550	2.3%	5,865	6,118	2.5%	253	4.3%
Off Duty Sheriff Patrol	0.5%	6,000	0.6%	1,500	1,915	0.8%	415	27.7%
Other	5.6%	61,833	5.1%	12,682	14,121	5.8%	1,439	11.3%
Operational Expenses	100.0%	1,094,583	100.0%	250,023	242,874	100.0%	(7,149)	(2.9%)
Security Income (Loss)	17.1%	186,898	28.1%	70,345	76,729	31.6%	6,384	9.1%
20.3% Net Admin Alloc	13.1%	143,765	14.1%	35,150	34,458	14.2%	(692)	(2.0%)
Total Net Income (Loss)	3.9%	43,133	14.1%	35,195	42,271	17.4%	7,076	20.1%
SOLID WASTE REVENUES								
Solid Waste Charges	99.9%	631,830	99.9%	157,956	158,517	100.0%	561	0.4%
Interest Earnings	0.1%	400	0.1%	100		0.0%	(100)	(100.0%)
Total Solid Waste Revenues	100.0%	632,230	100.0%	158,056	158,517	100.0%	461	0.3%
EXPENSES (excluding depreciation)								
CWRS Contract	92.1%	549,840	94.0%	137,460	138,179	94.1%	719	0.5%
Sacramento County Admin Fee	5.9%	34,920	6.0%	8,730	8,684	5.9%	(46)	(0.5%)
HHW Event	2.0%	12,000	0.0%			0.0%		0.0%
Operational Expenses	100.0%	596,760	100.0%	146,190	146,863	100.0%	673	0.5%
Solid Waste Income (Loss)	5.9%	35,470	8.1%	11,866	11,654	7.9%	(212)	(1.8%)
5.0% Net Admin Alloc	5.9%	35,410	5.9%	8,658	8,487	5.8%	(171)	(2.0%)
Total Net Income (Loss)	0.0%	60	2.2%	3,208	3,167	2.2%	(41)	(1.3%)
OVERALL NET INCOME(LOSS)	100.0%	43,326	100.0%	163,634	184,712	100.0%	21,078	12.9%

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

INVESTMENT REPORT

CASH BALANCE AS OF SEPTEMBER 30, 2014

INSTITUTION	YIELD	BALANCE
CSD FUNDS		
EL DORADO SAVINGS BANK		
SAVINGS	0.03%	\$ 745,211.77
CHECKING	0.02%	\$ 19,118.57
PAYROLL	0.02%	\$ 2,026.29
AMERICAN WEST BANK		
EFT	0.05%	\$ 13,332.98
LOCAL AGENCY INVESTMENT FUND (LAIF)		
UNRESTRICTED		\$ -
RESTRICTED RESERVES	0.23%	\$ 5,593,203.43
CALIFORNIA ASSET MGMT (CAMP)		
OPERATION ACCOUNT	0.06%	\$ 3,605,566.65
UNION BANK		
PARS GASB45 TRUST (balance as of 7/31/14)		\$ 704,779.67
TOTAL		\$ 10,683,239.36
BOND FUNDS		
COMMUNITY FACILITIES DISTRICT NO. 1 (CFD)		
BANK OF AMERICA		
CHECKING	N/A	\$ 34,635.18
CALIFORNIA ASSET MGMT (CAMP)		
SPECIAL TAX	0.05%	\$ 8,303.77
US BANK		
SPECIAL TAX REFUND	0.00%	\$ -
BOND RESERVE FUND/ SPECIAL TAX FUND	0.00%	\$ -
TOTAL		\$ 42,938.95
TOTAL ALL FUNDS		\$ 10,726,178.31

The investments comply with the CSD adopted investment policy.

PREPARED BY: Tracey Hays
Interim Controller

MEMORANDUM

Date: October 9, 2014
To: Board of Directors
From: Greg Remson, Security Chief
Subject: Security Report for the Month of September 2014

OPERATIONS

Interviews were held this week for the Security Patrol Officer position. There is a possible candidate and I will be bringing him in for a second interview. Gate Officer applications are still coming in and I will be holding interviews soon.

The Security Patrol Officer is still out on a Worker's Comp injury. There is no tentative return date.

INCIDENTS OF NOTE

September 4, Thursday, reported at 10:27 a.m. at Stonehouse Park. Vandalism. Surveillance video showed a possible 10-12 year old male driving a golf cart and running into a bench, causing minor damage. An adult male passenger took over driving and left the area.

September 12, Friday, reported at 8:13 p.m. at Stonehouse Park. Public intoxication. Report of two (2) subjects lying on the ground. Two (2) adults were found next to a golf cart, too drunk to drive. Officer transported them home to a wife; marijuana found in cart was destroyed.

September 15, Monday, reported at 8:10 a.m. at St. Vincent de Paul church. Vandalism. An outside light fixture was damaged.

September 19, Friday, reported at 11:40 a.m. at the Rancho Murieta Country Club (RMCC). Burglary. Surveillance video showed two (2) males inside RMCC. Beer and cooking wine was taken. Entry was made through an unlocked door. Sacramento Sheriff Department (SSD) report.

September 19, Friday, reported at 8:51 p.m. on the 4th hole, North Course. Vandalism. The snack bar sign was pulled off and trash thrown on the ground.

September 23, Thursday, reported at 1:52 p.m. on Bermuda Court. Theft. 150' of aluminum gutter and a roll of electrical wire were taken from the side yard.

September 28, Sunday, reported at 10:20 a.m. at the airport. Non-injury airplane crash. A single engine airplane reportedly lost power on takeoff and made a hard landing on the runway. There were no injuries to the two (2) occupants (co-owners) or property damage other than to the airplane.

During the month of September, District Security Patrol Officers responded to complaints of loud parties, disturbances, and trespassing.

RANCHO MURIETA ASSOCIATION COMPLIANCE/GRIEVANCE/SAFETY COMMITTEE MEETING

The meeting was held on September 8, 2014 at the Rancho Murieta Association (RMA) office. The Committee discussed the estate sale rule, which needed clarification as to the requirements needed to hold an estate sale. Also discussed were the boat usage and fishing rules. The RM Fishing Club provided suggestions including the prohibition of all guest boats and making all lakes catch & release only. Also the private refuge/discharge of a firearm was discussed. The term "firearm" needed to be clarified and expanded. The rule could also include the use of bb guns, pellet guns, paintball guns, and air soft guns use in common areas due to liability reasons. There were three letters regarding parking, property maintenance and chickens; and one appearance regarding parking. The next meeting is scheduled for October 6, 2014.

NEW NORTH GATE

RMA received six (6) bids for the construction of the gate, along with a signed easement for the property on the east side of Murieta Parkway which allows for a third entrance lane. RMA awarded the contract to Diede Construction, Inc. from Lodi.

Two (2) updated bids have been received on the gate operators/barcode readers and cameras. Additional information has been requested on the gate arm lengths.

SECURITY AD HOC COMMITTEE

Nothing to report at this time.

MEMORANDUM

Date: October 6, 2014
To: Board of Directors
From: Paul Siebensohn, Director of Field Operations
Subject: Water/Wastewater/Drainage Report

The following is District Field Operations information and projects staff has worked on since the last Board meeting.

WATER

Water Plant #1 is offline and under rehabilitation. Water Treatment Plant #2 is set at 2.0 mgd, currently operating an average of 18 hours per day for an average production flow of 1.5 MGD. During allowable irrigation days, demand is at 1.98 million gallons.

Total potable water production for September 2014 was approximately 48.349million gallons (MG) or 148.4 acre-feet (af), down from the previous month at 60.13 MG (185.1 af.) This is approximately 630 gallons per day per customer.

Potable water consumption was 21.4% less than the 5 year's average and 22.7% vs. September 2013. The average usage per customer connection was 630 gallons per day (gpd) during September vs. the 2014 high of 823 gpd in July.

Activities this past month mainly involved working with contractors and Roebbelen Construction Management for the Water Treatment Plant Expansion Project and repeatedly putting up barricades and caution signs to keep people out of construction areas. A detailed Water Treatment Plant Expansion project update is provided in the Project Update section of the Board packet.

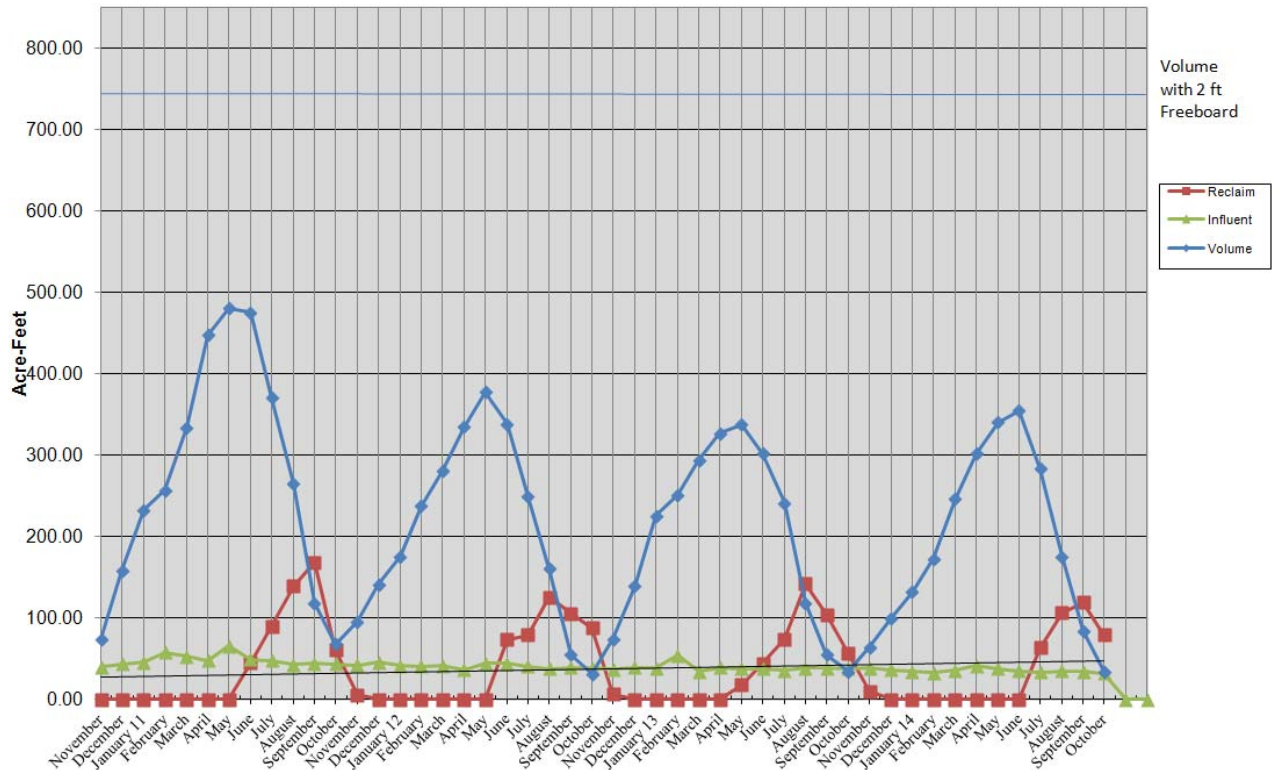
WATER SOURCE OF SUPPLY

On September 3, 2014, the combined raw water storage for Calero, Chesbro, and Clementia Reservoirs measured approximately 1,286.7 MG (3,949 acre-feet) of which 1,039.4 MG (3,190 acre-feet) is usable due to dead storage. Last month, it measured 1,378.06 (4,229 acre-feet). For Calero and Chesbro Reservoirs alone, the storage measured 1,009.7 MG (3,099 acre-feet), 885.4 MG (2,415.9 AF) usable. For reference, an average year's production has been 581 MG (1802 acre-feet). We received 0.44" of rain here in September and evaporation was 5.38".

WASTEWATER TREATMENT, COLLECTION & RECLAMATION

Influent wastewater flow averaged 0.357 million gallons a day, for a total of 10.4 MG, (32.9 AF) for the month of September. This is approximately 140 gpd per sewer connection, generally the same as it has been for past few months, well below the typically average of 186 gpd per connection. Secondary storage measured 11.17 MG (34.3 acre-feet) on October 1, 2014, of which 19.38 acre-feet is usable volume. A total of 25.634 MG was delivered to the Rancho Murieta Country Club (RMCC) in September. The graph below shows where our secondary storage is comparable to previous years.

Volume of Secondary Wastewater in Reservoirs 2010-2014



Sewer line maintenance this past month included CCTVing sewer lines and assisting a resident with a sewer backup issue.

DRAINAGE / CIA DITCH

A total of 2.9 MG (9.1 acre-feet) was supplied to Laguna Joaquin from the Clementia reservoir in September. Staff has continued cutting vegetation in drainage ditches and stormwater detention basins as time and projects allow. A total of five (5) midge fly treatments took place in Laguna Joaquin this summer season due to a lot of complaints being received about midge flies. All drainage culverts in the North community were inspected to make sure they are clear prior to the winter months and hopefully rainy season.

WATER METERING & UTILITY STAFF WORK

Utility staff replaced fifteen (15) water meters and three (3) MXUs in September. They also repaired five (5) service line water leaks, performed twenty (20) Underground Service Alerts, and took care of thirty-nine (39) Utility Star service orders.



Utility staff making water line repairs on Robles Grandes and Camino Del Lago

OTHER PROJECTS

Granlees Diversion Intake

Due to the Cosumnes River flow being historically low at zero (0) flow, we are taking this opportunity to make some concrete repairs as the intake structure has eroded away in several areas. Staff saw-cut and removed some of the worst areas of concrete failure and poured in new concrete. Photo of eroded areas after pouring of concrete to right.



SMUD also replaced a leaking transformer that supplies power to the pump station at Granlees. Photo of old transformer being hauled away shown to the left.

Murieta Gardens

No work was done this past month. Stormwater Pollution Prevention Plan (SWPPP) items continue to be in place around the construction site. The project is currently on hold until final approval of the engineering plans by the Sacramento Metro Fire Department.

Augmentation Well

We are preparing to put the project out to bid again.

Master Reclamation Permit

Tentative new Waste Discharge Requirements (WDRs) for the District have been posted on the Water Board's website and are generally consistent with what we were hoping for, the exception being flows noted in it. Comments for the proposed WDRs must be submitted by 5:00 p.m. October 27, 2014 to the Water Board. The proposed WDRs will rescind and update existing WDR order 5-01-124 for the Wastewater facility and rescind Order R5-2009-0124 for the Van Vleck Ranch. We are currently on track for adoption at their December meeting.



Photo of new sewer line extension

From: Jim and Marlene Towns [townsm8@gmail.com]
Sent: Friday, October 03, 2014 4:10 PM
To: Directors
Subject: Out of District Service Connection Approval

CSD Board of Directors;

I was reading the August Board meeting highlights PipeLine newsletter and had a question regarding approval of the domestic service connection outside the District boundaries.

Is the connection for the purpose of District purchasing supplemental water or is the connection to sell domestic water ?

Thanks for the job you do and for your response.

Jim Towns

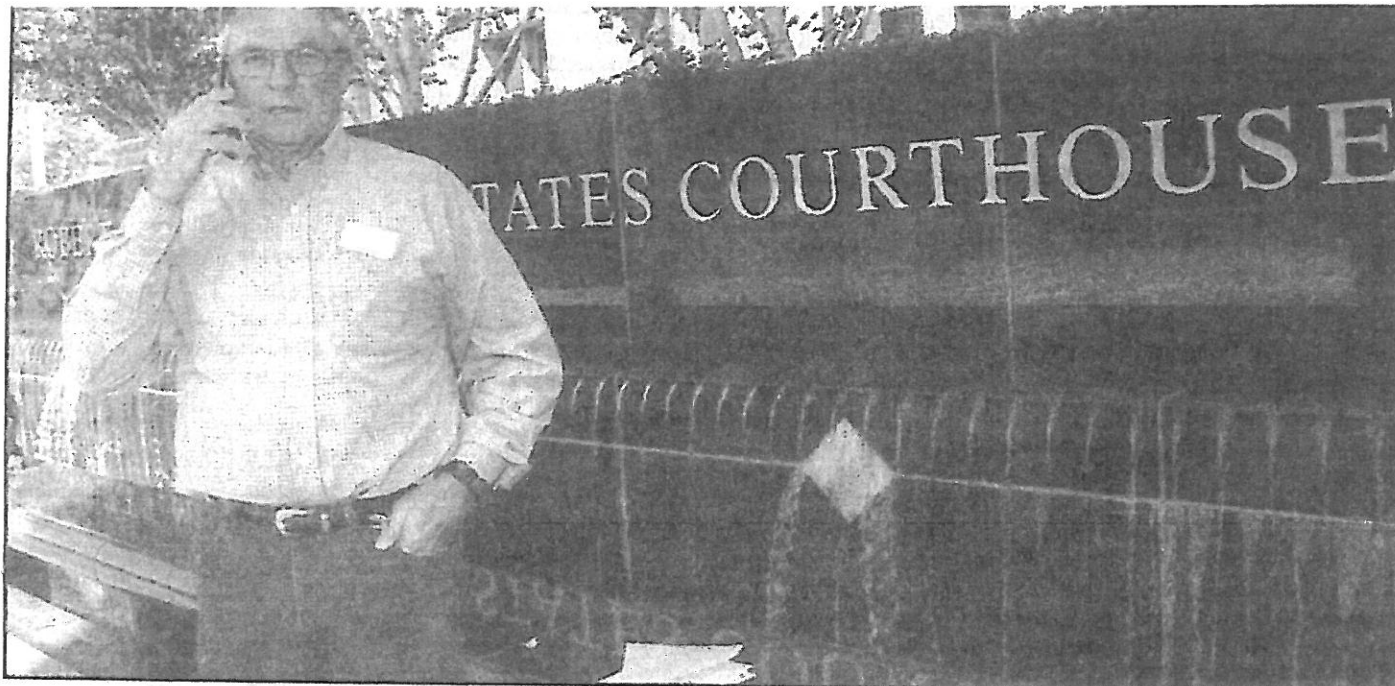


Photo by Gail Bullen

Fresh from a meeting at the Robert T. Matsui United States Courthouse on Sept. 30, Cosumnes Community Advisory Council Chairman Fred Hegge is skeptical about a proposal to convert the Boys Ranch in Sloughhouse into a halfway house for federal inmates.

Boys Ranch in Sloughhouse possible halfway house

By Gail Bullen
River Valley Times Reporter

Mothballed since 2010 because of Sacramento County budget cuts, the Boys Ranch off Scott Road in Sloughhouse could come back to life as a halfway house for federal inmates.

The potential location for a federal Residential Reentry Center (RRC) was revealed at a Sept. 30 meeting at the Robert T. Matsui United States Courthouse that was intended to be a private briefing for policymakers about the benefits an RRC would provide the community. The county, however, has been aware of the proposal for some time.

Sacramento is the only major city in the United States that lacks an RRC to transition federal prison inmates back into their communities during the last six months of their sentences.

Fred Hegge, chairman of the Cosumnes

Community Advisory Council (CCPAC) was invited to the meeting and he, in turn, invited the River Valley Times.

"There were more expensive suits than you could shake a stick at," Hegge said.

Speakers included Benjamin B. Wagner, U.S. Attorney for the Eastern District of California; two top officials from the Federal Bureau of Prisons (BOP) - Bradley T. Gross, senior deputy assistant for administration; and C. Brent Kiser, chief the residential reentry management branch; Albert Najera, former Sacramento Police Chief who is now the U.S. marshal for the Eastern District of California; Richard A. Ertola, chief U.S. probation officer for the Eastern District; Dale A. Drozd, chief U.S. magistrate judge for the Eastern District; and Lawrence G Brown, Sacramento County Superior Court judge.

The 25 attendees included other judges, Rancho Cordova city officials, county officials, law enforcement and at least one

member of another CPAC.

Although the two BOP officials said they couldn't discuss bids from contractors seeking to operate a Sacramento RRC, the federal probation officer revealed late in the meeting that an unnamed vendor was recommending the Boys Ranch for the site.

"He is negotiating with the planning office to arrive at a lease," Ertola said. "A big part of the planning would be community outreach to gain community support for that site in Sloughhouse."

Hegge was quick with a question after the presentations. "Sloughhouse is in the middle of nowhere. How are they going to get transportation? How are they going to socialize with the community?" he asked.

Kiser said other RRC contractors have been required to provide inmate transportation in similar situations.

Wilton roads to close tomorrow for 400-plus runners

Several Wilton roads will be closed tomorrow morning when more than 400 students from C. W. Dillard Elementary take part in a run to raise funds for the school's Parent Teacher Organization (PTO).

Roads along the route will be closed from 10 -11:30 a.m. on Dillard Road between Colony Road and Sherman Lane; Sherman Lane between Dillard and Gay roads; Gay Road between Sherman and Wilton roads, Wilton Road from Gay to Dillard roads, and Dillard Road between Wilton and Colony roads.

The annual jog-a-thon has moved to the streets this year because students don't have a track while a new school is being built. PTO President Katie Pierce is looking for more volunteers. She can be reached at 209-3237-5808 or at teampierce@rocketmail.com. Pierce also hopes community residents will turn out to cheer the youngsters as they walk or run their three-mile route.

See HOUSE on Page 16

CONTINUED FROM PAGE ONE

House

Continued from Page 1

Gross and Kiser, the two BOP administrators, spoke for more than an hour at the meeting. They explained how an RRC works, elaborating on a letter from Charles E. Samuels Jr., BOP director, which was given to each attendee. Samuels said RRCs "provide a structured environment for offenders who are transitioning back to the community, thereby reducing recidivism and enhancing public safety."

The BOP currently incarcerates more than 215,000 people. Approximately 13,200 inmates are in RRC programs, 9,700 living in the facilities and 3,500 in home confinement. There are 209 RRCs in the country.

Gross said BOP rigorously screens contractors bidding to run a RRC. Once a vendor wins an award, that vendor is continuously monitored by the BOP, Gross said.

Kiser said RRC staff uses a variety of ways to help inmates get jobs. In most cases, inmates are expected to be employed 40 hours a week within the first 15 days of their arrival. They

also help the inmates with substance abuse, medical care and mental health treatment. In addition, they help them reunite with their families and find a place to live after leaving.

To help ensure public safety, RRC staff monitors offender movements and conduct random accountability checks. They visit work and other approved locations. Random drug and alcohol tests are administered. If they fail, the inmates likely will go back to prison.

Kiser said most inmates succeed in the RRC. Last year, there were only about 50 failures a month compared to more than 13,000 inmates in the program. "The majority are doing the right thing," he said.

Many RRCs also provide a home confinement program, which is a cost-effective option for certain inmates costing \$36.45 per day versus \$72.91.

The two BOP officials didn't say how many beds are in the proposed Sacramento RCC. But in a hypothetical, Kiser mentioned 30 beds for male inmates and 10 for females.

The two BOP officials said

recidivism is dramatically decreased in inmates who complete the RRC program, but they didn't have supporting statistics in their slide show.

The U.S. marshal, chief probation officer, federal magistrate and Superior Court judge all expressed their support for opening a RRC in Sacramento. One of the major reasons is that the closest RRCs are in San Francisco and Oakland.

Sacramento-based inmates who go through those programs must quit their jobs, find a new place to live and locate new treatment programs when they complete their prison terms and must relocate to Sacramento.

After the meeting, Michael Morse, director of the county's General Services Department introduced himself to Hegge and said he was negotiating the lease. Morse said after the proposal arrived, he briefed each county supervisor about it.

In late June, the 2013-2014 Sacramento County Grand Jury released a report excoriating the county for spending \$2 million a year to maintain the Boys Ranch and another mothballed juvenile facility on Branch Road. The report asked

why the county hadn't done anything to stanch taxpayer losses.

In the county answer to the Grand Jury report, Morse said mothballing the Boys Ranch since 2010 had cost \$2.44 million, while the savings exceeded \$50 million. He said the county tried to lease the Boys Ranch via request for proposals (RPFs) in 2011, but the only feasible response wanted a 20-year lease, not five years. At that time the county was considering reopening the facility.

By 2014, senior management at the probation and executive levels recognized it was unlikely the Boys Ranch would be reopened in its former capacity, Morse wrote in the answer:

"Therefore, a revised RFP was issued on March 25, 2014 that expanded options for repurposing the facility. We received two responses and are currently in negotiations with the company that submitted the most viable proposal.

Morse added in the grand jury answer, "There remains a lot of work to be done, including extensive community outreach,

land use permits, facility renovation and contractual discussions, but the county is optimistic that the resulting contract will create a valuable service for the local community as well as relieve the county of virtually all of its current financial liabilities at the site."

Contacted after the meeting, Hegge wasn't happy about prospects for the Boys Ranch. "The Department of Justice and the county want a minimum security prison in a rural area. How are the inmates going to get back into society if they are still isolated? They would be better off on parole," he said.

Nor was Hegge happy with the county's role. "The county gets to relieve its financial situation. It's another example of the planning department using the path of least resistance through our area, similar to the landfill and the connector," he said.

Hegge plans to invite Supervisor Don Nottoli to attend the next meeting of CCPAC on October 22, to discuss the potential RRC and other River Valley issues. The council meets at 7 p.m. at the Wilton Fire District Station 81 on Dillard Road.



MEMORANDUM

Date: October 7, 2014
To: Board of Directors
From: Finance Committee Staff
Subject: Consider Accepting Community Facilities District No. 2014-1 Draft Appraisal Report

RECOMMENDED ACTION

To receive and file the draft appraisal report for Community Facilities District 2014-1.

BACKGROUND

At the August 1, 2014 Special Board meeting, the District's Board of Directors adopted Resolution 2014-15, Adopting the Goals and Policies pursuant to the Mello-Roos Community Facilities Act of 1982; adopted Resolution 2014-16, stating the intent to establish a Community Facilities District; and 2014-17, stating the intent to incur bonded indebtedness within the proposed Community Facilities District No. 2014-1.

At the August 20, 2014 Regular Board meeting, the District's Board of Directors approved the proposal from Seevers Jordan Ziegenmeyer (SJZ) to conduct an appraisal assignment of the land within the boundaries of Rancho Murieta Community Services District Community Facilities District 2014-1. As a result of their analysis, their opinion is the market value of the subject property is \$22,090,000.

The appraisal is attached for your review.

Appraisal Report

Rancho Murieta Community Services District CFD No. 2014-1 (Rancho North / Murieta Gardens)

North and South of Jackson Highway (Highway 16),
East of Stonehouse Road, Rancho Murieta,
Sacramento County, CA 95683



Date of Report: October 6, 2014

DRAFT

Prepared For:

Mr. Joseph Blake, General Manager
Rancho Murieta Community Services District
15160 Jackson Highway (P.O. Box 1050)
Rancho Murieta, CA 95683

Prepared By:

Eric A. Segal, Appraiser
Kevin K. Ziegenmeyer, Appraiser



October 6, 2014

Mr. Joseph Blake, General Manager
Rancho Murieta Community Services District
15160 Jackson Highway (P.O. Box 1050)
Rancho Murieta, CA 95683

Re: Rancho Murieta Community Services District
CFD No. 2014-1 (Rancho North/Murieta Gardens)
Rancho Murieta, CA 95683

Mr. Blake:

At your request and authorization, Seevers • Jordan • Ziegenmeyer has prepared an Appraisal Report pertaining to Rancho Murieta Community Services District CFD No. 2014-1 (Rancho North/Murieta Gardens) [the CFD]. This report is written in conformance with the requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Standards for Land Secured Financing, published by the California Debt and Investment Advisory Commission (2004).

The CFD contains 827.80± gross acres planned for residential and commercial land uses, with significant open space. The subject is planned for 939 residential units and 92.95± acres of commercial land. The CFD is located within the unincorporated, master planned, community known as Rancho Murieta, Sacramento County, California. As of the date of inspection, September 3, 2014, the subject consisted of raw, unimproved land with a segment of the project fully approved, pending the expansion of a water treatment facility, which is to be partially funded through the bond proceeds of the CFD. The subject property is more fully described within the attached report.

As a result of our analysis, it is our opinion the market value of the subject property, subject to the hypothetical condition the improvements to be financed by the Rancho Murieta Community Services District CFD No. 2014-1 (Rancho North/Murieta Gardens) Bonds are in place, as of September 3, 2014 and in accordance with the extraordinary assumptions, general assumptions and limiting conditions on pages 6 through 8 of this report, is...

TWENTY TWO MILLION NINETY THOUSAND DOLLARS

\$22,090,000

The estimate of value assumes a transfer would reflect a cash transaction or terms considered to be equivalent to cash. The estimate is also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, for their own self interest and assuming neither is under duress.

Mr. Joseph Blake
October 6, 2014
Page 2

We hereby certify the property has been inspected and we have impartially considered all data collected in the investigation. Further, we have no past, present or anticipated future interest in the property.

The subject property does not have any significant natural, cultural, recreational or scientific value. The appraisers certify this appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

This letter must remain attached to the report, which contains 83 pages, plus related exhibits and Addenda, in order for the value opinion(s) contained herein to be considered valid.

This appraisal has been performed in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Thank you for the opportunity to work with you on this assignment.

Sincerely,

DRAFT

Eric A. Segal, Appraiser
State Certification No.: AG026558
Expires: February 18, 2015

DRAFT

DRAFT

Kevin K. Ziegenmeyer, Appraiser
State Certification No.: AG013567
Expiration Date: June 4, 2015

/mlm

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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Property: Rancho Murieta Community Service District CFD No. 2014-1 (Rancho North / Murieta Gardens), which contains approximately 827.80 total acres of vacant land.

Location: The majority of the subject property’s residential component is generally located north of Jackson Highway, east of Stonehouse Road. The balance of the property is located south along Jackson Highway, southeast of Murieta Drive. The entirety of the property is located within the unincorporated community known as Rancho Murieta, Sacramento County, California.

Owner(s) of Record:

073-0470-004	Consumnes River Land, LLC
073-0470-005	Consumnes River Land, LLC
073-0470-006	Consumnes River Land, LLC
073-0180-029	Murieta Industrial Park, LLC
073-0090-062	Murieta Lakeside Properties, LLC
073-0790-023	Murieta Lakeside Properties, LLC
073-0800-003	Murieta Lakeside Properties, LLC
073-0800-007	Murieta Highlands, LLC
073-0800-008	Murieta Highlands, LLC
073-0800-009	Murieta Highlands, LLC

Gross Acres, APNs & Land Use:

APN	Gross Acres	Land Use
073-0470-004	16.6	Mixed-Use
073-0470-005	21.81	Mixed-Use
073-0470-006	14.73	Mixed-Use
073-0180-029	39.81	Non-Residential
073-0090-062	117.62	Residential
073-0790-023	238.36	Residential
073-0800-003	218.03	Residential
073-0800-007	3.01	Residential
073-0800-008	92.75	Residential
073-0800-009	65.08	Residential
Total:	827.8	

Zoning: The subject property is located within the master planned community known as Rancho Murieta. The Rancho Murieta community, approved in 1969, is a Planned Development of about 3,500 acres. The Rancho Murieta Planned Development (PD) Ordinance and Rancho Murieta Master Plan regulate land uses in Rancho Murieta, both of which have been amended several times since their original adoption in 1969. The

County's General Plan also guides development within Rancho Murieta, though to a more general level.

The 1984 Planned Development Ordinance 77-PD-10E explicitly states that build-out shall not exceed 5,000 units (plus an additional 189 mobile home units south of Highway 16). This residential unit cap pertained to the entire Rancho Murieta development. Although the Rancho Murieta Planned Development Ordinance caps development at 5,000 units, existing and future residential build out is currently estimated to ultimately total 4,183 dwelling units, according to the Rancho Murieta Community Service District. A more detailed discussion of entitlements and zoning is found in the *Property Legal Data* section.

Flood Zoning:

Zone X – Areas determined to be outside of the 500-year floodplain and determined to be outside of the 1% and 0.2% annual chance floodplains

Zone A – an area inundated by 1% annual chance flood, for which no base flood elevations have been determined

Earthquake Zone:

Zone 3 – Moderate seismic activity (not located in a Fault-Rupture Hazard Zone)

Current Use:

Vacant land

Highest and Best Use:

Phased development as demand warrants and infrastructure allows

Date of Inspection:

September 3, 2014

Date of Value:

September 3, 2014

Date of Report:

October 6, 2014

Exposure and Marketing Time:

12 months (in bulk)

Conclusion of Value:

\$22,090,000

The concluded value is subject to the extraordinary assumptions, general assumptions and limiting conditions on pages 6 through 8.

CLIENT, INTENDED USER AND INTENDED USE

The client and intended user of the report is the Rancho Murieta Community Services District. It is our understanding the report will be used for bond underwriting purposes.

APPRAISAL REPORT FORMAT

This document is an Appraisal Report, intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the 2014-15 edition of the Uniform Standards of Professional Appraisal Practice (USPAP).

TYPE AND DEFINITION OF VALUE

The purpose this appraisal is to estimate the market value (fee simple estate) of the appraised property, as of September 3, 2014, subject to the hypothetical condition the improvements to be financed by the Rancho Murieta Community Services District CFD No. 2014-1 (Rancho North/Murieta Gardens) Bonds are in place. Market value is defined as follows:

Market value: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Please refer to the *Glossary of Terms* in the Addenda to this report for the definition of *value as-is*.

PROPERTY RIGHTS APPRAISED

The market value estimate derived herein is for the fee simple estate, defined as follows:

¹ Code of Federal Regulations, Title 12, Section 34.42 (55 Federal Register 34696, Aug. 24, 1990; as amended at 57 Federal Register 12202, Apr. 9, 1992; 59 Federal Register 29499, June 7, 1994).

Fee Simple Estate: absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.²

DATES OF INSPECTION, VALUE AND REPORT

An inspection of the subject property was completed on September 3, 2014, which represents the effective date of market value. This appraisal report was completed and assembled on October 6, 2014.

SCOPE OF WORK

This appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). This analysis is intended to be an “appraisal assignment,” as defined by USPAP; the intention is the appraisal service be performed in such a manner that the result of the analysis, opinions, or conclusion be that of a disinterested third party.

Several legal and physical aspects of the subject property was researched and documented. A physical inspection of the property was completed and serves as the basis for the site description contained in this report. We met with Mr. Joseph Blake, General Manager of the Rancho Murietta Community Services District, who provided us with a history of the property, and a description of the development plan. The sales history was verified by consulting public records. Zoning and entitlement information was collected from the County of Sacramento Planning Department. The subject’s earthquake zones, flood zones and utilities were obtained from the respective agencies, and property tax information was obtained from the County of Sacramento Assessor’s Office on-line resources.

Data relating to the subject’s neighborhood and surrounding market area were analyzed and documented. This information was obtained through personal inspections of portions of the neighborhood and market area; newspaper articles; real estate conferences; and interviews with various market participants, including property owners, property managers, land brokers, developers and local government agencies.

In this appraisal, the highest and best use of the subject property as though vacant was determined based on the four standard tests (legal permissibility, physical possibility, financial feasibility and maximum productivity).

The subject property consists of 734.85 acres on the north side of Jackson Highway, behind the gates of the Rancho Murrieta Community, with the remainder, 92.95 acres, situated south of Jackson Highway, opposite the gated Rancho Murrieta Community. The entire subject property is essentially

²The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 78.

held under a single ownership group. As will be discussed in the *Highest and Best Use* section presented later in this Report, the subject property would likely be assembled and transfer to a single developer/land speculator as a master planned community; though, it is our conclusion a likely buyer would differentiate the land areas north of Jackson Highway from those land areas south of Jackson Highway. Consequently, in order to value the subject property, we have utilized the sales comparison approach to value and arrayed comparable sales of similar land transactions in various stages of entitlement similar to the subject property.

The individuals involved in the preparation of this appraisal include Kevin K. Ziegenmeyer and Eric Segal, Appraisers. Messrs. Ziegenmeyer and Segal inspected the subject property; collected and confirmed data related to the subject property and the neighborhood/market area; analyzed market data; and prepared an appraisal report with an estimate of value.

DRAFT

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

It is noted the use of an extraordinary assumption or hypothetical condition may have affected the results of the appraisal.

Extraordinary Assumptions

1. The appraisal of the subject property is based on development maps and exhibits provided by the property owner/developer. It is an extraordinary assumption of this report that the subject property is as presented in the development maps and exhibits provided with respect to acreages and location. The use of this extraordinary assumption may have affected the assignment results.

Hypothetical Conditions

1. The market value estimated herein is based on a hypothetical condition. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” As of the date of value, the improvements to be financed in part by the CFD were not in place. The market value estimated herein is based on the hypothetical condition the improvements to be financed by CFD Bonds were in place as of the date of value. Further, the market value estimate accounts for the impact of the lien of the Special Taxes securing the Bonds.

DRAFT

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. No responsibility is assumed for matters of law or legal interpretation.
3. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
4. The information and data furnished by others in preparation of this report is believed to be reliable, but no warranty is given for its accuracy.
5. It is assumed there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
6. It is assumed the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
7. It is assumed the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.
8. It is assumed all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
9. It is assumed the use of the land and improvements is confined within the boundaries or property lines of the property described and there is no encroachment or trespass unless noted in the report.
10. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user of this report is urged to retain an expert in this field, if desired.
11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I (we) have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost-to cure the property's potential physical characteristics, the real estate appraiser cannot comment on compliance with ADA. A brief summary of the subject's physical aspects is included in this report. It in no way suggests ADA compliance by

the current owner. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost-to-cure any deficiencies would be needed for the Department of Justice to determine compliance.

12. The appraisal is to be considered in its entirety and use of only a portion thereof will render the appraisal invalid.
13. Possession of this report or a copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone other than the client without the previous written consent of Seevers • Jordan • Ziegenmeyer.
14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or any other media without the prior written consent and approval of Seevers • Jordan • Ziegenmeyer. Seevers • Jordan • Ziegenmeyer authorizes the reproduction of this document to aid in bond underwriting and in the issuance of bonds.
15. The liability of Seevers • Jordan • Ziegenmeyer and its employees/subcontractors for errors/omissions, if any, in this work is limited to the amount of its compensation for the work performed in this assignment.
16. Acceptance and/or use of the appraisal report constitutes acceptance of all assumptions and limiting conditions stated in this report.
17. An inspection of the subject property revealed no apparent adverse easements, encroachments or other conditions, which currently impact the subject. However, the exact locations of typical roadway and utility easements, or any additional easements, which would be referenced in a preliminary title report, were not provided to the appraiser. The appraiser is not a surveyor nor qualified to determine the exact location of easements. It is assumed typical easements do not have an impact on the opinion (s) of value as provided in this report. If, at some future date, these easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion (s) of value.
18. This appraisal report is prepared for the exclusive use of the appraiser's client. No third parties are authorized to rely upon this report without the express consent of the appraiser.

CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- Kevin K. Ziegenmeyer, Appraiser, provided significant real property appraisal assistance to the person signing this certification.
- I certify that my State of California real estate appraiser license has never been revoked, suspended, cancelled, or restricted.
- I have the knowledge and experience to complete this appraisal assignment. Please see the Qualifications of Appraiser(s) portion of the Addenda to this report for additional information.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.

DRAFT

Eric A. Segal, Appraiser
State Certification No.: AG026558 (February 18, 2015)

October 6, 2014
DATE

CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- Eric A. Segal, Appraiser, provided significant real property appraisal assistance to the person signing this certification.
- I certify that my State of California real estate appraiser license has never been revoked, suspended, cancelled, or restricted.
- I have the knowledge and experience to complete this appraisal assignment. Please see the Qualifications of Appraiser(s) portion of the Addenda to this report for additional information.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.

DRAFT

Kevin K. Ziegenmeyer, Appraiser
State Certification No.: AG013567 (June 4, 2015)

October 6, 2014
DATE

PROPERTY DESCRIPTION AND HISTORY

The subject property is identified as the undeveloped areas within the guard-gated community of Rancho Murieta and 92.95 acres of mixed-use land situated opposite the gated community, south of Jackson Highway. The area encompasses approximately 3,500 acres and was originally purchased by the Pension Trust Fund of the Operating Engineers Local 3 and utilized for heavy earth moving equipment training. The first development occurred with an 18-hole golf course (North Course) in 1971, and the first residential development taking place in 1972 with the establishment of The Murieta Mobile Home Village; traditional single-family detached residential development began the next year. In 1974 the community instituted a 24-hour guard at the front gate, and the same year plans to construct an additional 18-hole golf course (South Course) were announced. The South Course was opened in 1979. In 1985 a Davis farmer, Jack Anderson, purchased the Rancho Murieta Development from the Pension Trust Fund of the Operating Engineers, and ultimately defaulted on the loan in 1997. In the late 90s to early 2000s, developer Reynen and Bardis constructed five subdivisions around the South Course area. Since this time, however, additional production home residential development has not occurred.

The most prominent land use is the Rancho Murieta Golf Course and Country Club, which includes a 40,000-square foot country club, six lighted tennis courts, a restaurant, pro shop, and two 18-hole championship golf courses. Horseback riding is offered at the 100-acre Rancho Murieta Equestrian Center. The community is served by the local Rancho Murieta Airport, which has lighted runways and hangars. Five lakes are located within the community, offering tournament quality bass fishing. In addition, Rancho Murieta is situated along a 2.5-mile stretch of the Cosumnes River, which offers recreational activities such as hiking, biking, boating, fishing and swimming.

One of the subject's commercial components, located at the southeast quadrant of Jackson Highway and Murieta Parkway, was formerly known as Murieta Gardens. It was fully approved in 2011, pending the establishment of a water treatment facility (which is to be financed, in part, by the proposed CFD), for 95 homes and a shopping center. Entitlements for the Murieta Gardens development have been modified and now include 166,000 square feet of commercial development, a 83 room hotel, 24 extended stay condominium units, 78 residential lots and a 77,000 square foot self-storage facility.

A more detailed discussion of entitlements and zoning is found in the *Property Legal Data* section. The following table summarizes the subject's parcels and gross acres, along with a table for the proposed development of the residential component.

APN	Gross Acres	Land Use
073-0470-004	16.6	Mixed-Use
073-0470-005	21.81	Mixed-Use
073-0470-006	14.73	Mixed-Use
073-0180-029	39.81	Non-Residential
073-0090-062	117.62	Residential
073-0790-023	238.36	Residential
073-0800-003	218.03	Residential
073-0800-007	3.01	Residential
073-0800-008	92.75	Residential
073-0800-009	65.08	Residential
Total:	827.8	

Development	Total Lots	Custom Lots	100'x 100' Lots	80' x 100' Lots	60' x 100' Lots
Phase I:					
The Terraces	172	7	30	43	92
The Highlands	153	6	15	82	50
River Canyon	<u>159</u>	62	24	73	0
Phase I Total Lots	484				
Phase II (North):					
Calero North	53	12	30	11	0
Calero South	<u>128</u>	0	33	95	0
Phase II Total Lots	181.00				
Phase II (South):					
Chesbro Square	100	6	22	48	24
Lake Jean	115	29	10	63	13
Granlee	<u>59</u>	5	14	40	0
	274.00				

The following maps identify the boundaries, locations of each of the subject's residential phases, followed by a brief description of each.

COMPOSITE LAND USE PLAN



PHASE 1 LAND USE PLAN



PHASE 2 (NORTH) LAND USE PLAN



PHASE 2 (SOUTH) LAND USE PLAN



According to public records, subject parcels 073-0800-007, 008 and 009 transferred to the Murieta Highlands LLC on August 9, 2013. Public records report a transfer price of \$315,000 for all three parcels. Also on August 9, 2013, public records reflect the transfer of parcels 073-0090-062, 073-0790-023 and 073-0800-003 to Murrieta Lakeside Properties LLC for a total transaction amount of \$702,000. Again on August 9, 2013, three additional parcels transferred to Murrieta Industrial Park LLC at a transaction amount of \$375,000. Only one of these parcels is a subject parcel (APN: 073-0180-029), the remaining two parcels (APNs: 073-0180-009 and 073-0460-007) represent a combined total of less than one acre. Assessor's parcel 073-0180-029 represents 39.81 acres. The final transfer of properties that includes the subject parcels (as well as additional land) occurred on May 31, 2012 and included parcels 073-0470-004, 005 and 006, as well as additional non-developable parcels (i.e., private streets). The transfer amount was \$2,375,000.

We interviewed the current owners for clarification on their acquisition of the subject property. Presumably, some of the transfers above relate to non-arm's length transactions to establish ownership entities. The owners report the subject property was acquired in two transactions. Undeveloped parcels included in the transactions included streets (private roads); namely, Cantova Way, Murieta Drive, Lone Pine Drive and Alameda Drive. The acquisition of the proposed residential land north of Jackson Highway was negotiated in 2010 when the current owners were selected as the buyer (multiple offers were submitted). The transfer of the parcels north of Jackson Highway occurred in 2013 at a price of \$12,179,000 (743.85 acres at \$16,573 per acre). In a separate transaction the current owners acquired the 92.95 acres, and additional land, for \$2,300,000, or \$24,745 per acre. Again, the additional land acquired was reportedly mostly undevelopable. The Gardens acquisition occurred in 2012. Considering the market conditions at the time these sales were negotiated, as well as reported seller motivation at the time, these prior transfers of the subject property are not considered indicative of the subject's current market value. It should also be noted that in addition to some improvement in the overall market for developable land, the subject property is appraised under the hypothetical condition the water treatment facility has been expanded and, thus, an incremental enhancement in the subject property as a development project has been achieved. To the best of our knowledge, the subject property is currently not being marketed for sale.

PROPERTY LEGAL DATA

Location

The majority of the subject property's residential component is generally located north of Jackson Highway, east of Stonehouse Road. The subject property also includes a mixed-use land component located south along Jackson Highway, southeast of Murieta Drive. The entirety of the property is located within the unincorporated community known as Rancho Murieta, Sacramento County, California.

Owner(s) of Record

Title to the subject property is held by the following related entities:

073-0470-004	Consumnes River Land, LLC
073-0470-005	Consumnes River Land, LLC
073-0470-006	Consumnes River Land, LLC
073-0180-029	Murieta Industrial Park, LLC
073-0090-062	Murieta Lakeside Properties, LLC
073-0790-023	Murieta Lakeside Properties, LLC
073-0800-003	Murieta Lakeside Properties, LLC
073-0800-007	Murieta Highlands, LLC
073-0800-008	Murieta Highlands, LLC
073-0800-009	Murieta Highlands, LLC

Legal Description

A legal description of the subject property, which would be contained in a preliminary title report, was not provided for use in this analysis.

Property Taxes (*Ad Valorem Taxes*)

The property tax system in California was amended in 1978 by Article XIII to the State Constitution, commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual inflationary increases cannot exceed 2% per year. The base year was set at 1975-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be re-appraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and supplemental assessments. Bonded indebtedness approved prior to 1978, and any bonds

subsequently approved by a two-thirds vote of the political jurisdiction in which the property is located, can be added to the 1% tax rate.

According to the Sacramento County Tax Collector's Office, the subject property is located within multiple tax rate areas due to its three encumbered jurisdictions. However, the existing taxes will be adjusted substantially as the boroughs are developed. Further, as part of the development of the subject property, the master developer intends to use land secured bond financing (Community Facilities District or Assessment District) to facilitate completion of backbone infrastructure improvements.

Conditions of Title

A preliminary title report was not provided for this analysis. It is assumed there are no adverse conditions on title. The appraiser assumes no negative title restrictions and accepts no responsibility for matters pertaining to title.

Zoning and Entitlements

The Rancho Murieta community, approved in 1969, is a Planned Development of about 3,500 acres. The Rancho Murieta Planned Development (PD) Ordinance and Rancho Murieta Master Plan regulate land uses in Rancho Murieta, both of which have been amended several times since their original adoption in 1969. The County's General Plan also guides development within Rancho Murieta, though to a more general level.

The 1984 Planned Development Ordinance 77-PD-10E explicitly states that build-out shall not exceed 5,000 units (plus an additional 189 mobile home units south of Highway 16). This residential unit cap pertained to the entire Rancho Murieta development. Although the Rancho Murieta Planned Development Ordinance caps development at 5,000 units, existing and future residential build out is currently estimated to ultimately total 4,183 dwelling units, according to the Rancho Murieta Community Service District.

Assessor's parcels 073-0470-004, -005 and -006 are zoned LC, Limited Commercial, with a General Plan designation for commercial/office development. The balance of the property within the District is encumbered by the A2, general agricultural designation, which is an interim land use designation. The General Plan designates the residential property within Rancho Murieta North (north of Jackson Highway) LDR, low density residential, with Assessor's parcel 073-0180-029 designated for public/quasi-public land uses.

Flood Zone

According to the Federal Emergency Management Agency (FEMA) National Flood Insurance Program, Flood Insurance Rate Map (FIRM), the subject is located within Zone X (areas outside of the 500-year flood plain), as reflected by FEMA map panel 060262-0275D (dated July 6, 1998).

Earthquake Zone

According to the Seismic Safety Commission, the subject property is located within Zone 3, which is considered to be the lowest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. In addition, the subject is not located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology.

Easements

An inspection of the subject property revealed no apparent adverse easements, encroachments or other conditions currently impacting the subject. Please refer to a preliminary title report for information regarding potential easements, as the appraiser is not a surveyor nor qualified to determine the exact location of any easements. It is assumed that any easements noted in a preliminary title report do not have an impact on the opinion of value set forth in this report. If at some future date, any easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion of value contained herein.

SITE DESCRIPTION

Property: The majority of the subject property’s residential component is generally located north of Jackson Highway, east of Stonehouse Road. The mixed-use component is located south along Jackson Highway, southeast of Murieta Drive. The entirety of the property is located within the unincorporated community known as Rancho Murieta, Sacramento County, California.

Land Area:

APN	Gross Acres	Land Use
073-0470-004	16.6	Mixed-Use
073-0470-005	21.81	Mixed-Use
073-0470-006	14.73	Mixed-Use
073-0180-029	39.81	Non-Residential
073-0090-062	117.62	Residential
073-0790-023	238.36	Residential
073-0800-003	218.03	Residential
073-0800-007	3.01	Residential
073-0800-008	92.75	Residential
073-0800-009	65.08	Residential
Total:	827.8	

Topography: The topography of the subject varies from generally level to rolling and undulating terrain.

Shape: The subject is irregular yet functional in shape.

Access, Frontage, Visibility: The subject’s primary access, frontage and visibility are from Jackson Highway (Highway 16) and Stonehouse Road. Jackson Highway is the primary transportation route in the neighborhood. Overall, the accessibility and visibility of the property is average for the area.

Utilities: Public utilities, including electricity, water, sewer and telephone service, are available. Significant extension of the facilities and utilities onto the subject will be required as the property is developed.

Drainage: It is assumed the subject property will have adequate drainage as part of suburban development. Drainage infrastructure is not complete.

Soils: The appraiser has not been provided a soils report to determine the load bearing capacity of the subject property. The soils appear to be similar to other local parcels within Rancho Murieta North that, to the best of our knowledge, have been improved with no adverse effects.

Environmental Issues:

At the time of inspection, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on the property. However, the appraiser is not qualified to detect such substances. The presence of potentially hazardous materials could affect the value of the property.

No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field if desired.

The subject property represents vacant land with numerous unknowns. The value estimated herein reflects the risk associated with potential hazardous substances. If, at some future date, items are discovered that are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion of value stated herein.

On-Site Improvements:

The subject property primarily consists of vacant land with no on-site improvements.

Site Utility:

The subject property appears functional in terms of size, topography, shape and overall location.

Conclusion:

Overall, the subject property is deemed functional in terms of its size, topography, shape and overall location. The subject property is considered physically suitable for development and comprises a substantial portion of the remaining undeveloped land within the Rancho Murieta North master planned community, as well as 92.95 acres of mixed-use land south of Jackson Highway. It represents a sizable infill development capable of providing a significant inventory of residential lots in the area over several years.

SUBJECT PHOTOGRAPHS



Subject Property – Residential/Transitional Land
north of Jackson Highway



Subject Property – Residential/Transitional Land
north of Jackson Highway



Subject Property – Residential/Transitional Land
north of Jackson Highway



Subject Property – Residential/Transitional Land
north of Jackson Highway



Subject Property – Residential/Transitional Land
north of Jackson Highway



Subject Property – Residential/Transitional Land
north of Jackson Highway



Subject Property – Residential/Transitional Land north of Jackson Highway



Subject Property – Residential/Transitional Land north of Jackson Highway



Subject Property – Residential/Transitional Land north of Jackson Highway



Subject Property – Residential/Transitional Land north of Jackson Highway



Subject Property – Residential/Transitional Land north of Jackson Highway



Subject Property – Residential/Transitional Land north of Jackson Highway



Subject Property – Residential/Transitional Land north of Jackson Highway



Subject Property – Residential/Transitional Land north of Jackson Highway



Subject Property – Residential/Transitional Land north of Jackson Highway



Subject Property – Mixed-Use Land south of Jackson Highway



Subject Property – Mixed-Use Land south of Jackson Highway



Subject Property – Mixed-Use Land south of Jackson Highway



Subject Property –Transitional Land south of Jackson Highway



Subject Property –Transitional Land south of Jackson Highway



Subject Property –Transitional Land south of Jackson Highway



Subject Property –Transitional Land south of Jackson Highway

SACRAMENTO REGION



Introduction

The Sacramento MSA is the largest metropolitan area in the Central Valley and the fourth-largest in the state of California. The region includes four counties – Sacramento, Placer, El Dorado and Yolo – and spans from the Sacramento River Delta in the west to the Sierra Nevada mountain range in the east. The region’s largest city, Sacramento, is the State Capital and the seat of government for Sacramento County. Sacramento is located approximately 385 miles north of Los Angeles, 500 miles south of Oregon, 85 miles northeast of San Francisco, 105 miles west of South Lake Tahoe, and 135 miles southwest of Reno, Nevada. The region has relatively stable seismic conditions, especially compared to the San Francisco Bay Area and Southern California. Sacramento and adjoining cities rank among the lowest in the state for the probability of a major earthquake.

Population

The region has a population of nearly 2.2 million, and has grown at a moderate rate of 0.8% per year for the past five years. The following table illustrates recent population trends for each county in the region over the past few years.

POPULATION TRENDS							
County	2008	2009	2010	2011	2012	2013	%/Yr
Sacramento	1,394,510	1,406,168	1,417,259	1,427,961	1,433,525	1,445,806	0.7%
Placer	333,805	340,995	347,133	351,463	355,455	357,463	1.4%
El Dorado	177,897	179,150	180,682	180,483	181,711	182,286	0.5%
Yolo	<u>196,219</u>	<u>198,642</u>	<u>200,484</u>	<u>201,071</u>	<u>204,349</u>	<u>205,999</u>	<u>1.0%</u>
Total	2,102,431	2,124,955	2,145,558	2,160,978	2,175,040	2,191,554	0.8%

Source: California Department of Finance

Placer County has led the region with growth of 1.4% per year over the past five years. Most of this growth has occurred in the cities of Roseville, Rocklin and Lincoln. Much of the region's growth is attributed to in-migration of residents from other California and U.S. areas.

The population in the region is expected to continue growing. According to the California Department of Finance, the population in the Sacramento MSA is projected to increase to about 2.84 million by 2030 and 3.57 million by 2050. The region's growth is expected to outpace the growth of most other metropolitan areas in California, as well as the state as a whole.

Employment & Economy

Historically, the Sacramento region has been one of the more stable employment centers in California, with a significant number of jobs in State government. The California Employment Development Department has reported the following employment data for the Sacramento MSA over the past few years.

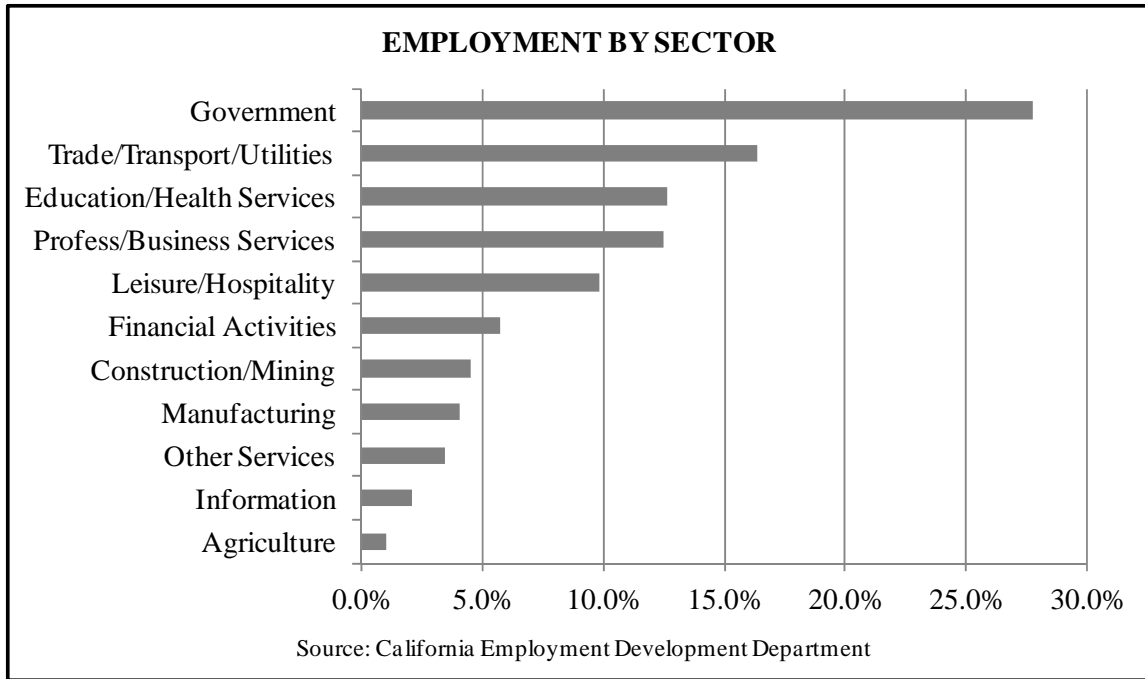
EMPLOYMENT TRENDS						
	2008	2009	2010	2011	2012	2013
Labor Force	1,047,000	1,052,000	1,049,900	1,044,300	1,051,600	1,046,600
Employment	973,200	935,200	918,700	920,300	942,900	956,400
Job Growth	(9,200)	(38,000)	(16,500)	1,600	22,600	13,500
Unemployment Rate	7.0%	11.1%	12.5%	11.9%	10.3%	8.6%

Source: California Employment Development Department

The unemployment rate in the four-county region was 6.7% in May 2014, which compares to rates of 7.6% for California and 6.3% for the U.S. For most areas within the state and nation, including the Sacramento MSA, unemployment declined from 2004 through 2006, increased from 2007 to 2010, and declined in 2011-2013.

The region experienced a significant decline in jobs in 2009, but the rate of decline moderated in 2010, and job growth was positive in 2011, 2012 and 2013. In the one-year period ending in May 2014, the region gained 20,000 jobs, which equates to a job growth rate of 2.3%. Employment conditions should continue to slowly improve over the next few years.

The local economy has transitioned from a government and agricultural center to a more diverse economy. Growing industries in the region include healthcare, technology, clean energy and life sciences. The region is a western hub for data processing, customer call centers and other corporate back office support activities. The following chart indicates the percentage of total employment for each sector within the region.



As can be seen in the chart above, the region’s largest employment sectors are Government, Trade/Transportation/Utilities (including retail and wholesale trade), Education and Health Services, and Professional and Business Services. Government jobs account for about 28% of total employment in the region. This percentage has remained fairly constant for many years – government employment was about 30% of the total in 1990. The region’s 10 largest employers are listed in the following table (number of employees in four-county region).

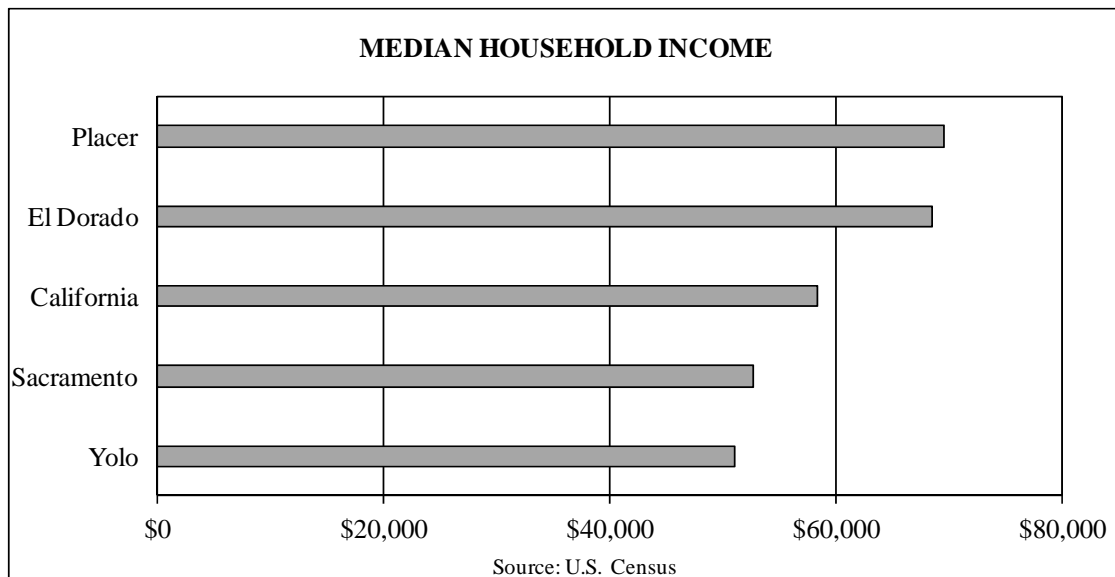
LARGEST EMPLOYERS			
	Company	Industry	Employees
1	State of California	Government	73,424
2	University of California Davis	University	12,639
3	Sacramento County	Government	10,634
4	UC Davis Health System	Healthcare	9,985
5	Sutter Health	Healthcare	9,494
6	Kaiser Permanente	Healthcare	9,109
7	Dignity Health (formerly Mercy)	Healthcare	7,397
8	U.S. Government	Government	6,550
9	Raley's Inc.	Retail Grocery	6,240
10	Intel Corp.	Semiconductors	6,000

Source: Sacramento Business Journal, Book of Lists 2013

Other large private sector employers include Hewlett-Packard, Wells Fargo, Health Net, Cache Creek Casino Resort, Pacific Gas & Electric, VSP Global (Vision Service Plan), Thunder Valley Casino Resort, and Union Pacific Railroad.

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. The following chart shows income for each county in the region, as well as the state of California, for the year 2012 (most recent available).



As indicated in the chart above, Placer and El Dorado Counties exhibit the highest income levels in the region. Household incomes in these counties are among the highest in California.

Transportation

A significant strategic advantage of the Sacramento region is its proximity to large markets and its transportation accessibility to these markets provided by extensive highway, rail, water and air systems.

The Sacramento region has over 800 miles of maintained state highways. The hub of freeways in the region makes the Sacramento Area a good center for freight distribution. U.S. Highway 50, Interstate 80, and the Capital City Freeway are the principal routes for commuters living in the densely populated eastern suburbs. Commuters from the north and south of Sacramento travel on Interstate 5 and State Highway 99. State Highways 65 and 70 link Placer County to Yuba and Sutter Counties to the north. Interstate 5 provides a direct route to Redding, Oregon and Washington to the north and Los Angeles to the south. Interstate 80 permits travel to Nevada and Utah to the east and the San Francisco Bay Area to the west. Lake Tahoe and Nevada are reachable within a couple hours on U.S. Highway 50, which originates in Sacramento. State Highway 99 provides access to the San Joaquin and upper Sacramento Valleys.

The main public transit system in the Sacramento Area is operated by Sacramento Regional Transit (RT), with additional service provided by other local public and private transit operators. Regional Transit covers a 418-square-mile service area that is serviced by 182 buses and 76 light rail vehicles, transporting over 31.5 million passengers annually. Light Rail began operation in 1987 along a two-pronged route linking Downtown Sacramento with populous suburbs to the east and north. In 2003 and 2004, RT completed extensions to the Meadowview area in South Sacramento and Sunrise Boulevard in Rancho Cordova to the east. In 2005, an eastward extension to the city of Folsom was completed.

The Sacramento region has access to a number of railroads. The north-south and east-west main lines of the Union Pacific Railroad intersect in Sacramento and, as a result of the merger of Union Pacific and Southern Pacific in 1996, Sacramento has access to the Burlington Northern Santa Fe Railway. Union Pacific's major freight classification facility for Northern California, Nevada and Oregon is located in Roseville (Placer County). Amtrak provides daily passenger service in all directions from Sacramento. The Capital Corridor system provides high-speed commuter rail service from Roseville to San Jose.

The region has good water transportation capabilities. The Port of Sacramento is a deep-water port located 79 miles northeast of San Francisco in the city of West Sacramento, serving ocean-going

vessels handling a variety of cargo types. The 30-foot depth of the channel, along with extensive rail and truck cargo handling facilities, make the Port highly productive for long distance shipping. The Port is equipped for handling bulk cargo and a number of agricultural and forest products.

Finally, the region includes several air transport facilities. Most notably, Sacramento International Airport is served by 11 passenger carriers and numerous cargo carriers. Major expansions of the terminals and parking facilities were completed between 2004 and 2012. Each year, about 9 million passengers travel through Sacramento International. The region is also served by Sacramento Executive Airport, Lincoln Regional Airport, McClellan Airfield, Mather Airport (the latter two being former Air Force Bases), and several smaller airports and airfields.

Recreation & Culture

The Sacramento region offers innumerable recreational and cultural opportunities. The American River Parkway offers 5,000 acres of recreation area along both sides of the river for 30 miles, with Folsom Lake situated at the eastern end. The Sacramento-San Joaquin Delta has over 1,000 miles of waterways. The rivers and lakes within the Sacramento Area offer boating, fishing and water-skiing opportunities. In addition, numerous parks and golf courses are located throughout the region. Professional sports teams in Sacramento include an NBA team (the Kings) and a Triple-A minor league baseball team (the River Cats).

Cultural attractions in the region include the Old Sacramento Historic District, California State Railroad Museum, Crocker Art Museum, Historic Governor's Mansion, Sutter's Fort State Historic Park and Sacramento Zoo. Sacramento is home to several theaters and performing arts centers offering world-class shows. Annual events in Sacramento include the California State Fair, the Music Circus and the Sacramento Jazz Jubilee.

In terms of higher education, the region's largest universities are the University of California Davis and Sacramento State University. Six community colleges are located in the region, including Sierra College, American River, Cosumnes River, Folsom Lake, Sacramento City and Woodland Community College. Several private colleges are located in the area, as well as satellite campuses of colleges headquartered elsewhere. The region also contains numerous vocational schools.

Other recreational and cultural opportunities are available within a short drive of the Sacramento area. To the west are the San Francisco Bay Area, the Napa Valley wine country, the coastal redwood forests, and the beaches of the Pacific Ocean. To the east are Lake Tahoe and the Sierra Nevada Mountains, which are home to more than a dozen snow-skiing resorts. Legalized casino gambling is available in Nevada, as well as several tribal casinos in the Sacramento region.

Conclusion

The Sacramento region is the fourth-largest metropolitan area in California, and has seen moderate population growth of about 0.8% per year over the past five years. Between 2004 and 2006, the regional economy expanded rapidly with large gains in the housing market and relatively strong job growth. However, the housing market began a rapid decline in late 2005, and most sectors of the commercial real estate market began to deteriorate in 2007. Like most metropolitan areas in the state and nation, the Sacramento region experienced high unemployment and real estate market declines during the period of roughly 2008-2010. However, employment conditions have been improving since 2011 and most real estate sectors are showing signs of recovery or growth. As the economy continues to improve, the long-term outlook for the region is good. The area's advantages include a diverse economy, mild climate, seismic stability, ample recreational and cultural opportunities, and expansive transportation systems. Further, the region offers greater affordability than the Bay Area and Southern California.

DRAFT

NEIGHBORHOOD



Introduction

This section of the report provides an analysis of the observable data that indicate patterns of growth, structure and/or change that may enhance or detract from property values. For the purpose of this analysis, a neighborhood is defined as “a group of complementary land uses; a congruous grouping of inhabitants, buildings or business enterprises.”³

Neighborhood Boundaries

The boundaries of a neighborhood identify the physical area that influences the value of the subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries.

The subject property is located within the unincorporated community of Rancho Murieta. Specifically, Rancho Murieta is located approximately 24 miles southeast of Sacramento’s Central Business District, along State Highway 16 (Jackson Highway/Road). The subject’s neighborhood boundaries can generally be defined as Deer Creek Hills to the north and east, the southern edge of Rancho Murieta Airport to the south and Stonehouse Road to the west. This location is

³ The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 133.

approximately 25 miles west of Jackson, the County seat of Amador County in the “Mother Lode” area of the Sierra Nevada foothills. The terrain in the area generally consists of gently rolling hills with many large, mature oak trees. Elevations range from 140 to 300 feet above sea level.

Demographics

According to reports prepared by STDB Online, current demographics within the subject’s neighborhood boundaries are summarized in the following table.

Population (2013)	5,549
Population (2018), % change	5,705 persons, +2.81%
Median Age	50.3
Number of Households	2,315
Average Household Size	2.38 persons
% of Households Owner-Occupied	87.7%
% of Households Renter-Occupied	12.3%
Median Household Income	\$107,602

The demographics reported for the neighborhood boundaries in the previous table include Rancho Murieta, which skews the demographics for the subject’s immediate neighborhood. Primarily, population, number of households, and median household income are affected. Specifically, excluding Rancho Murieta the neighborhood’s population as of 2013 is 11,527 and is estimated to increase to 13,009 by 2018 (12.86% increase). Similarly, the subject’s neighborhood has 3,700 households (86.9% owner-occupied and 13.2% renter-occupied) excluding the Rancho Murieta community. Finally, the median household income in Rancho Murieta is \$107,602.

Transportation

The subject property is located both north and south of Jackson Highway/State Highway 16, which is an east/west thoroughfare that connects Rancho Murieta with the Sacramento area to the west and Amador County and the Sierra Nevada foothills to the east where it intersects with State Route 124, terminating at State Route 49 near Drytown, California. Jackson Highway/ State Highway 16 intersects with the major north/south arterials in the area, including Sunrise Boulevard, Grant Line Road and Latrobe Road. Grant Line Road is a primary arterial through the subject neighborhood, which provides access to State Highway 99 to the southwest. State Highway 99 is a main north-south transportation route in the area, providing direct access to the Central Business District of Sacramento to the north, and the Central Valley cities of Stockton, Modesto and Fresno to the south. Overall, linkage from the subject neighborhood to the surrounding cities and region is considered typical of a rural neighborhood. In addition to Sunrise Boulevard, Stonehouse Road (the western boundary of the neighborhood) is a rural road linking Rancho Murieta with White Rock Road and

Prairie City Road, which provides access to U.S. Highway 50. White Rock Road runs in an east/west direction and links Rancho Cordova to the west and Folsom and El Dorado Hills to the east.

U.S. Highway 50 is one of two primary east-west routes through Sacramento (Interstate 80 being the other). To the east, it provides access to El Dorado County, various foothills communities, the Sierra Nevada Mountains and Lake Tahoe. To the west, U.S. Highway 50 is the principal route to Sacramento's Central Business District and other major freeways (less than 20 miles to the west), including State Highway 99, Interstates 5 and 80, and the Capital City Freeway.

Land Uses

The subject neighborhood primarily consists of vacant land in all directions, with sporadic rural residences. Besides Rancho Murieta, the bulk of development is situated to the northwest in the city of Rancho Cordova and to the north in the city of Folsom, which will also be discussed herein.

Rancho Murieta

Rancho Murieta is generally considered an affluent golf course community within its own Urban Services Boundary, surrounded by agricultural land. The development of the community was initiated by the Operating Engineers Union Local 3 in the early 1970s. The heavy equipment operators chose this site as a training school and constructed the reservoirs, streets and sites for Rancho Murieta's first subdivisions. The first homes appeared about 40 years ago, and development of the community continues today.

Rancho Murieta is predominantly a residential community, with few commercial uses or employment centers. The most prominent land use in the area is the Rancho Murieta Golf Course and Country Club, which includes a 40,000-square foot country club, six lighted tennis courts, a restaurant, pro shop, and two 18-hole championship golf courses. Horseback riding is offered at the 100-acre world-class Rancho Murieta Equestrian Center, which hosts over 40 local, regional, national and international riding competitions with over 100,000 visitors annually. The community is served by the local Rancho Murieta Airport, which has lighted runways and taxiways, permanent hangars, fueling and overnight tie-downs. Five lakes are located within the community, offering tournament quality bass fishing. In addition, Rancho Murieta is situated along a 2.5-mile stretch of the Cosumnes River. These areas offer recreational activities such as walking, hiking, biking, boating, fishing and swimming.

The community currently has limited supporting retail options. At the intersection of Jackson Highway and Murieta Drive are a Country Store/Chevron, which includes a Burger King restaurant and car wash. Immediately east of Murieta Drive is SacMetro Fire Station 59, Business Center, four additional restaurants, coffee shop, neighborhood grocery, hardware store, bank and U.S. Post

Office. The balance of the shopping plaza includes an exercise club, offices and day care (66,000 square feet). In addition to this shopping center, several produce stands from area farms are situated in and around Rancho Murieta.

There are a total of about 2,500 housing units in Rancho Murieta, consisting of detached single-family homes, townhouses and mobile homes. The community is generally divided into Rancho Murieta North (and North Golf Course/Clubhouse), Rancho Murieta South (and South Golf Course) and the mixed-use areas south of Highway 16 (Training Center, Airport, Business Park, Murieta Mobile Village, Equestrian Center, Shopping Plaza and Murieta Gardens).

Rancho Murieta North is situated north of Highway 16 along the North Golf Course and surrounding Bass Lake, Lake Clementia, Chesbro Reservoir and Calero Reservoir. Remaining undeveloped property in Rancho Murieta North will have a separate homeowners association, Covenants, Conditions and Restrictions (CC&Rs) and Architectural Guidelines and Review Committee.

Existing projects in this area include Murieta North Units 1 through 4 and The Fairways (Unit 6). Murieta North Units 1 through 4 are custom communities offering detached homes and townhomes with lake and golf course settings, with extensive greenbelt areas. Custom lots are still available in this area. The Fairways is an exclusive area along the front nine holes of the golf course. Most of the homes and lots in this project have golf course views. Home sites typically range in size from quarter-acre to one-acre lots.

There are three approved tentative maps north of Highway 16: The residences of Murieta Hills – East and The Residences of Murieta Hills – West, along Stonehouse Road, and The Retreats, bounded by holes 1, 9, 18 and the Clubhouse of the North Course. The Residences of Murieta Hills East and West (198 single-family lots) and The Retreat (84 single-family lots) are bounded by holes 1, 9 and 18 and the Clubhouse area of the North Course.

Rancho Murieta South is a community of production and custom homes and duplexes. This area is adjacent to the South Golf Course and greenbelts in certain areas. Besides single-family detached homes, the South area also offers The Villas, a project offering two-bedroom, two-bath townhomes, borders the 18th fairway of the North Course. This project has a private swimming pool, spa and clubhouse. There are only two remaining undeveloped areas in Rancho Murieta South, Lakeview and Riverview. The Residences East (North) and Riverview (South) are owned by Pacific Coast Capital Partners, LLC, and Lakeview is owned by entities of Reynen and Bardis. Lakeview (99 lots) and Riverview (140 lots) have approved tentative subdivision maps.

Murieta Gardens was fully approved in 2011, pending the establishment of a water treatment facility (which is to be financed, in part, by the proposed CFD), for 95 homes and a shopping center.

Entitlements for the Murieta Gardens development have been modified and now include 166,000 square feet of commercial development, a 83 room hotel, 24 extended stay condominium units, 78 residential lots and a 77,000 square foot self-storage facility.

Rancho Cordova

Rancho Cordova is the largest office submarket in the Sacramento region in terms of rentable square feet and features many nationally recognized companies. Most of the office buildings are situated south of U.S. Highway 50. Major business parks in the area include Prospect Park Center, Capital Center and Prospect Green. Prominent office tenants include the State of California, Sprint, Heald College, WebEx, University of Phoenix, EDS, Bank of America, NEC Inc., Vision Service Plan, and a number of insurance and data processing businesses.

The bulk of commercial development in the neighborhood is located along Sunrise Boulevard, north and south of the subject and Folsom Boulevard, east and west of the subject. At the northeast quadrant of Sunrise Boulevard and White Rock Road is an Arco AM/PM service station and Subway. The southeast quadrant of this intersection is home to McDonald's and Costco Wholesale. Starbucks and Carl's Jr. are situated at the southwest quadrant, and a Shell service station and an Arby's are located at the northwest corner.

Further north, at the southeast quadrant of Sunrise Boulevard and Sunrise Gold Circle, is a commercial center identified as Plaza Del Oro. Businesses serving the office and industrial parks nearby include Togo's, FedEx/Kinko's, Sumo Sushi and a Mexican food restaurant. Further north, along the west side of Sunrise Boulevard, there is a Home Depot and Les Schwab tire center. A large commercial building that houses American Heritage Furniture, Staples and a ceramic tile showroom is located between Trade Center Drive and Folsom Boulevard. Also in this area is an auto repair facility, self-storage facility (Public Storage) and a paint/body shop. La Quinta Inn, Brookfield's restaurant and a 76 gas station are situated at the northwest quadrant of Sunrise Boulevard and Folsom Boulevard. At the northeast quadrant of this intersection are a Marriott hotel and a Hallmark Suites hotel. Further east is the renovated Shepherd Inn. This property was originally constructed as a hotel in 1912 and now consists of an 8,402± square foot restaurant and a separate 2,527± square foot office suite.

While there are several apartment buildings along Folsom Boulevard, as well as single-family homes situated between Folsom Boulevard and the American River; most of the existing residential development in Rancho Cordova is located north of U.S. Highway 50. Rancho Cordova is considered to be a highly developed suburban area, with a large growth area within the southern portion of the city (south of U.S. Highway 50). The combination of attached and detached residential projects supports the array of shopping facilities, restaurants, financial institutions, etc., in the area.

Two master planned communities in the city have picked up some traction in recent months. Cordova Hills, a 2,700-acre master plan project in southeast Rancho Cordova, is currently working on infrastructure costs, federal open space permits and looking for higher-education partners to put a campus in the project. According to the Cordova Hills President, Ron Alvarado, he anticipates the project to be ready to break ground in two years. Whereas, the North Douglas area, part of the SunRidge Specific Plan, which came to a halt when the economy collapsed, recently received approval from the city in July on extensions to development entitlements, as well as subdivision agreements, set to expire. According to city senior engineer Elizabeth Sparkman, 663 lots east of the Sunrise Boulevard/Douglas Road intersection are ready to be built on, whether by the current owner Lennar Homes or another homebuilder. With infrastructure such as sewer, streetlights and roads already in place, there is quite a bit of interest in the site since other active builders in the city have relatively few lots left to develop. Further, Elizabeth Sparkman indicated homes could begin construction within months once developers make sure existing infrastructure is still in working order.

Mather Airport is one of the major land uses in the neighborhood. This airport was formerly a U.S. Air Force Base, but has transitioned into a commercial freight facility. Since the closure of the base in 1993, the airport has attracted numerous airfreight companies, including Emery Worldwide, Airborne Express, United Parcel Service and BAX Global. The Mather Commerce Center, located just north of Mather Airport, is another business park where many new buildings were constructed in recent years and some older military buildings have been converted to office use. The Mather area is well suited for companies that benefit from its proximity to the airport.

Located next to the Mather Airport, is the Mather Sports Center. This sports complex offers its members tennis courts, yoga and aerobics courses as well as exercise equipment. Most other community services, including schools, parks, churches and emergency care, can be found in adjacent neighborhoods.

Additional recreational opportunities are located on the northern end of the city along the American River Parkway. The parkway spans nearly 23 miles along the American River, offering picnic areas and access to the river and hiking/bike trails. Less than three miles from the subject is the Folsom Lake State Recreation Area along the American River Parkway, which includes Lake Natomas, Nimbus Dam and the California State University Sacramento Aquatic Center for recreational activities such as fishing, rafting, kayaking, sailing, bicycling and horse riding.

Folsom

North of the Aerojet facility, between Folsom Boulevard and U.S. Highway 50, is the Folsom Automall, one of the Sacramento region's largest auto malls, along with Roseville, Elk Grove and Fulton Avenue. The auto mall contains 10 improved dealership properties and one remaining vacant

lot. Among the 10 dealerships, two are vacant and eight are in operation, selling 12 brands of new vehicles. Most of the dealerships were constructed in the 1990s and are located north of Folsom Boulevard. A 29-acre area south of Folsom Boulevard has been approved by Sacramento County for future expansion of the auto mall. So far only one new dealership has been built in the expansion area – Folsom Lake Honda constructed a new facility that opened in early 2009.

Other land uses in the immediate area include the following to the west of the subject along Folsom Boulevard: a light rail station, an office building occupied by a credit union, a relatively new apartment complex, a mobile home park, and the Nimbus Village retail center at Folsom Boulevard and Hazel Avenue.

Near the intersection of Folsom Boulevard and Iron Point Road is the Las Alhambras retail center, which includes Century Theatres Folsom 14, Chili's Grill and Bar, Taco Bell, Burger King, two hotels (Larkspur Landing and Hilton Garden Inn) and additional strip retail buildings. The Folsom Premium Outlets, a collection of outlet retail stores, is also located in this area.

The northern portion of the city is home to Folsom's Historic District, which consists of historic homes and landmarks from the Gold Rush era, as well as the city's original downtown, now an eclectic collection of antique stores, gift shops, art galleries, and restaurants. At the northeastern edge of the downtown area are Folsom City Park, Folsom Zoo and Rodeo Neighborhood Park; with the Folsom State Prison lying further to the east. In the northwestern corner of the downtown area is a shopping center located along Gold Lake Drive, which includes restaurants, a hotel and a spa/salon. Development along Natoma Street is primarily related to City government, with some older retail/service uses interspersed.

Besides the downtown area, commercial development in the neighborhood is concentrated primarily along Blue Ravine Road and East Bidwell Street. Four major shopping centers are situated at the intersection of Blue Ravine Road and East Bidwell Street. The Willow Creek Town Center is anchored by SaveMart and has a CVS Pharmacy, Wells Fargo and IHOP. Folsom Square, which is anchored by Target, includes a Midas auto repair facility and several restaurants. Bidwell Center, adjacent to the Willow Creek Town Center, is anchored by Orchard Supply Hardware and Petco. Folsom Town Center, which is adjacent to Folsom Square on the west, is anchored by Lowe's and also contains a Les Schwab Tires.

In terms of office development, the Folsom area contains several office parks and large professional office buildings. Many of the newer buildings are located along East Bidwell Street in the eastern part of the city. Office development is also prevalent in the Folsom Boulevard/Blue Ravine Road area. The largest single office user in Folsom, and the largest employer in the city, is Intel

Corporation, with a multi-building campus located along Iron Point Road and Highway 50, west of Prairie City Road.

Folsom is well served by community facilities, including a city zoo, a city park, two museums, a public library, a state campground and recreation areas. Folsom Lake, Lake Natoma and the American River offer fishing, hiking trails, biking trails, and boating as well as other recreational activities. Folsom Lake draws more than two million visitors a year, according to the California Department of Parks and Recreation. Mercy Hospital of Folsom is located at the northeast corner of East Bidwell Street and Creekside Drive. In the downtown area, the City constructed a public plaza, a landscaped amphitheatre, and a multi-level public parking structure adjacent to the light rail station.

In recent years, a significant amount of new commercial and residential development has taken place in southeastern Folsom. The Empire Ranch master-planned community has added thousands of new homes to the area. Broadstone Plaza is a power center that was developed in 2002-2003 at the intersection of East Bidwell Street and Broadstone Parkway. This center is anchored by The Home Depot, Old Navy, Petsmart, Marshalls, Borders, Ross, and Michaels; and includes several in-line retail shops and restaurant pads.

The most significant new retail in the subject's neighborhood is the Palladio at Broadstone Mall, which is a 55-acre open-air "lifestyle" shopping center. This upscale mall consists of 930,000 square feet of retail, restaurant and office space, and includes a 16-screen multiplex movie theater. The 16-screen Palladio Cinemas represented the first of Palladio's three phases. The Palladio at Broadstone Mall includes Whole Foods, Chicago Fire, Pinkberry, Johnny Rockets, H&M, Sports Authority, Kirkland's, White House/Black Market, Message Heights, Toby Keith Bar & Grill, Chops Seafood and Steak, Panera Bread, AT&T and Claire's. Additional tenants coming to the project include Lenscrafters, LOFT, and Victoria's Secret. Opening dates have not yet been announced for the prospective tenants.

Adjacent to the Palladio center, Kaiser Permanente opened a \$41.6 million ambulatory surgery center in late 2008, but plans for a 224-bed hospital are now on hold. Kaiser officials said in early 2009 that construction was at least eight to 10 years away.

As noted, in June 2011, the City of Folsom agreed to annex 3,513 acres of land to the south of U.S. Highway 50. The Local Agency Formation Commission (LAFCo) voted unanimously in January 2012 to allow the expansion of Folsom's borders. The annexation area is expected to accommodate about 10,210+ homes by the time it is built out.

Community Services

The subject community is governed and serviced by Rancho Murieta Community Services District (CSD), which provides water, sewer, drainage, security and solid waste services. Rancho Murieta Association (RMA) provides parks and recreation amenities and open space. Sacramento Municipal Utility District (SMUD) is the electric service provider and the Sacramento Metro Fire District handles emergency medical services and fire protection. The common areas have been well maintained over the past several years.

Rancho Murieta is located in a rural setting, and lacks certain community facilities that are typically found in more populated areas. There are no hospitals or public transportation systems in Rancho Murieta. The community is served by public schools in the Elk Grove Unified School District, which operates 45 schools for more than 47,000 students in southern Sacramento County. An elementary school is located approximately 3 miles west of the main entrance to the development, and middle and high schools are located over 20 miles west. Most students attend Cosumnes River Elementary, Albiani Middle School and Pleasant Grove High School.

Conclusion

Originally conceived as a retirement community, Rancho Murieta now markets to a wide range of homebuyers. The area is located within a 30 to 45 minute drive from employment centers in various submarkets of Sacramento, which is similar to the commute time for suburban communities such as Roseville, Rocklin, Folsom and Elk Grove. As illustrated by the profiles of the subject's nearest communities (Rancho Cordova and Folsom), competing growth areas in the region generally offer significantly more in terms of commercial and service commercial uses. The subject's neighborhood offers very limited supporting commercial uses for local residents. While efforts to bring such commercial uses is underway, it may be years before shopping and additional support services can be viably supported by the population base for this neighborhood.

RESIDENTIAL MARKET

Market Definition

Rancho Murieta is generally considered an affluent golf course community surrounded by agricultural land. There are a total of about 2,500 housing units in Rancho Murieta, consisting of detached single-family homes, townhouses and mobile homes. While up to 5,000 units are planned for the area, environmental lawsuits had delayed development for many proposed projects over the years. The community is generally divided into three areas: Rancho Murieta North, Rancho Murieta South and Rancho Murieta Gardens.

Building Permits

The table below indicates the number of single-family building permits issued for new residential construction in unincorporated areas of Sacramento County over the past several years.

Year	Single-Family Permits	Percentage Change
2002	4,582	N/Av
2003	2,274	-50.4%
2004	1,453	-36.1%
2005	1,742	19.9%
2006	730	-58.1%
2007	525	-28.1%
2008	225	-57.1%
2009	113	-49.8%
2010	181	60.2%
2011	201	11.0%
2012	323	60.7%
2013	415	28.5%
12 Year Totals:	12,764	
Average	1,064	
2014 (Thru July)	175	

Source: U.S. Dept. of Housing and Urban Development (HUD) SOCDs

Single-family permits declined significantly from 2002 through 2009, with a slight increase reported in 2005. The number of single-family permits increased considerably in 2012 and was up again in 2013, albeit a smaller increase. Market participants have attributed the small increase in 2013 to a lack of inventory. Through July 2014, single-family building permits are at 175 on pace to decrease to 300 permits this year. It's worth noting the incorporation of the cities of Citrus Heights and Rancho Cordova also contributed to declines in County reported building permit statistics.

Historical New Home Pricing and Sales

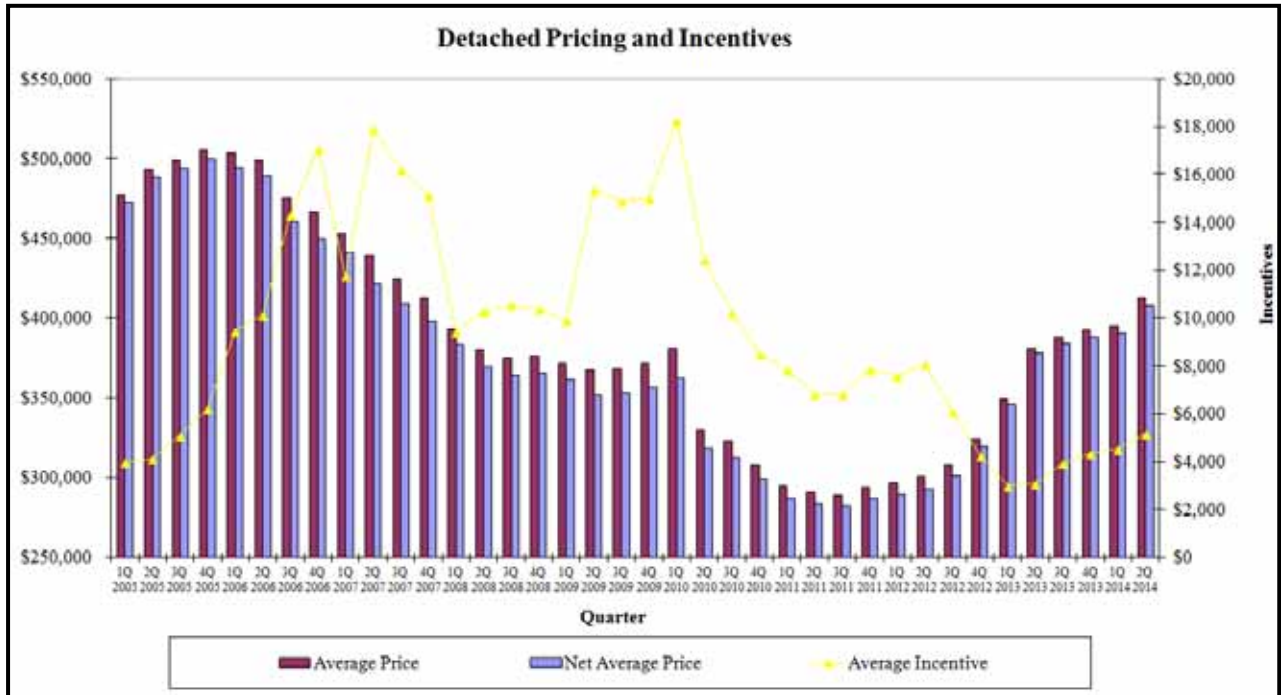
A table and chart depicting the pricing behavior of active detached single-family residential projects in Sacramento County are provided below and on the following page. The data indicated in the following table—like much of the data presented in this section of the report—was collected by The Gregory Group, a firm that publishes new home prices and absorption statistics for areas of California.

SACRAMENTO COUNTY

Quarter	Average Price	Net		% Change Net Average Price	% Change Net Average Price - 12 Month Moving Average		Number of Projects
		Average Price	Incentive		Average	Home Size	
1Q 2005	\$476,868	\$472,885	\$3,983	20.6%	-	2,423	120
2Q 2005	\$492,629	\$488,516	\$4,113	3.3%	-	2,426	111
3Q 2005	\$498,654	\$493,553	\$5,101	1.0%	-	2,378	99
4Q 2005	\$505,610	\$499,386	\$6,224	1.2%	6.5%	2,367	96
1Q 2006	\$503,503	\$494,038	\$9,465	-1.1%	1.1%	2,361	100
2Q 2006	\$498,954	\$488,819	\$10,135	-1.1%	0.0%	2,347	102
3Q 2006	\$474,865	\$460,530	\$14,335	-5.8%	-1.7%	2,268	117
4Q 2006	\$466,828	\$449,734	\$17,094	-2.3%	-2.6%	2,247	116
1Q 2007	\$452,744	\$440,965	\$11,779	-1.9%	-2.8%	2,237	135
2Q 2007	\$438,968	\$421,053	\$17,915	-4.5%	-3.6%	2,203	139
3Q 2007	\$424,936	\$408,732	\$16,204	-2.9%	-2.9%	2,215	143
4Q 2007	\$413,050	\$397,904	\$15,146	-2.6%	-3.0%	2,242	120
1Q 2008	\$392,837	\$383,408	\$9,429	-3.6%	-3.4%	2,258	111
2Q 2008	\$379,913	\$369,633	\$10,280	-3.6%	-3.2%	2,288	99
3Q 2008	\$374,891	\$364,348	\$10,543	-1.4%	-2.8%	2,298	90
4Q 2008	\$375,905	\$365,512	\$10,393	0.3%	-2.1%	2,289	81
1Q 2009	\$371,444	\$361,542	\$9,902	-1.1%	-1.4%	2,300	64
2Q 2009	\$367,362	\$352,018	\$15,344	-2.6%	-1.2%	2,296	53
3Q 2009	\$368,193	\$353,316	\$14,877	0.4%	-0.8%	2,336	41
4Q 2009	\$371,578	\$356,564	\$15,014	0.9%	-0.6%	2,362	40
1Q 2010	\$380,776	\$362,513	\$18,263	1.7%	0.1%	2,383	36
2Q 2010	\$330,366	\$317,932	\$12,434	-12.3%	-2.3%	2,261	37
3Q 2010	\$322,653	\$312,449	\$10,204	-1.7%	-2.9%	2,214	38
4Q 2010	\$307,536	\$299,043	\$8,493	-4.3%	-4.2%	2,163	39
1Q 2011	\$294,512	\$286,652	\$7,860	-4.1%	-5.6%	2,123	37
2Q 2011	\$290,441	\$283,606	\$6,835	-1.1%	-2.8%	2,114	40
3Q 2011	\$288,789	\$281,973	\$6,816	-0.6%	-2.5%	2,094	42
4Q 2011	\$294,253	\$286,393	\$7,860	1.6%	-1.1%	2,117	44
1Q 2012	\$296,826	\$289,252	\$7,574	1.0%	0.2%	2,129	44
2Q 2012	\$300,645	\$292,567	\$8,078	1.1%	0.8%	2,171	36
3Q 2012	\$307,435	\$301,331	\$6,104	3.0%	1.7%	2,155	36
4Q 2012	\$324,040	\$319,777	\$4,263	6.1%	2.8%	2,119	31
1Q 2013	\$348,943	\$345,938	\$3,005	8.2%	4.6%	2,139	27
2Q 2013	\$380,822	\$377,747	\$3,075	9.2%	6.6%	2,222	30
3Q 2013	\$387,964	\$384,022	\$3,942	1.7%	6.3%	2,178	33
4Q 2013	\$392,479	\$388,138	\$4,341	1.1%	5.0%	2,169	33
1Q 2014	\$395,087	\$390,551	\$4,536	0.6%	3.1%	2,226	40
2Q 2014	\$412,710	\$407,527	\$5,183	4.3%	1.9%	2,318	43

Source: The Gregory Group

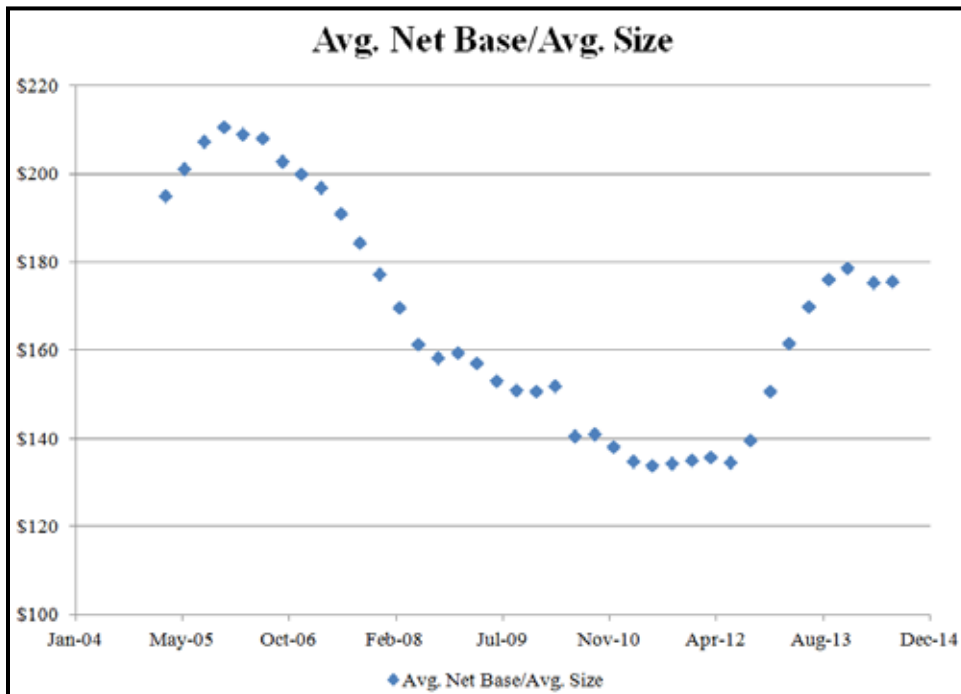
SACRAMENTO COUNTY



Source: The Gregory Group

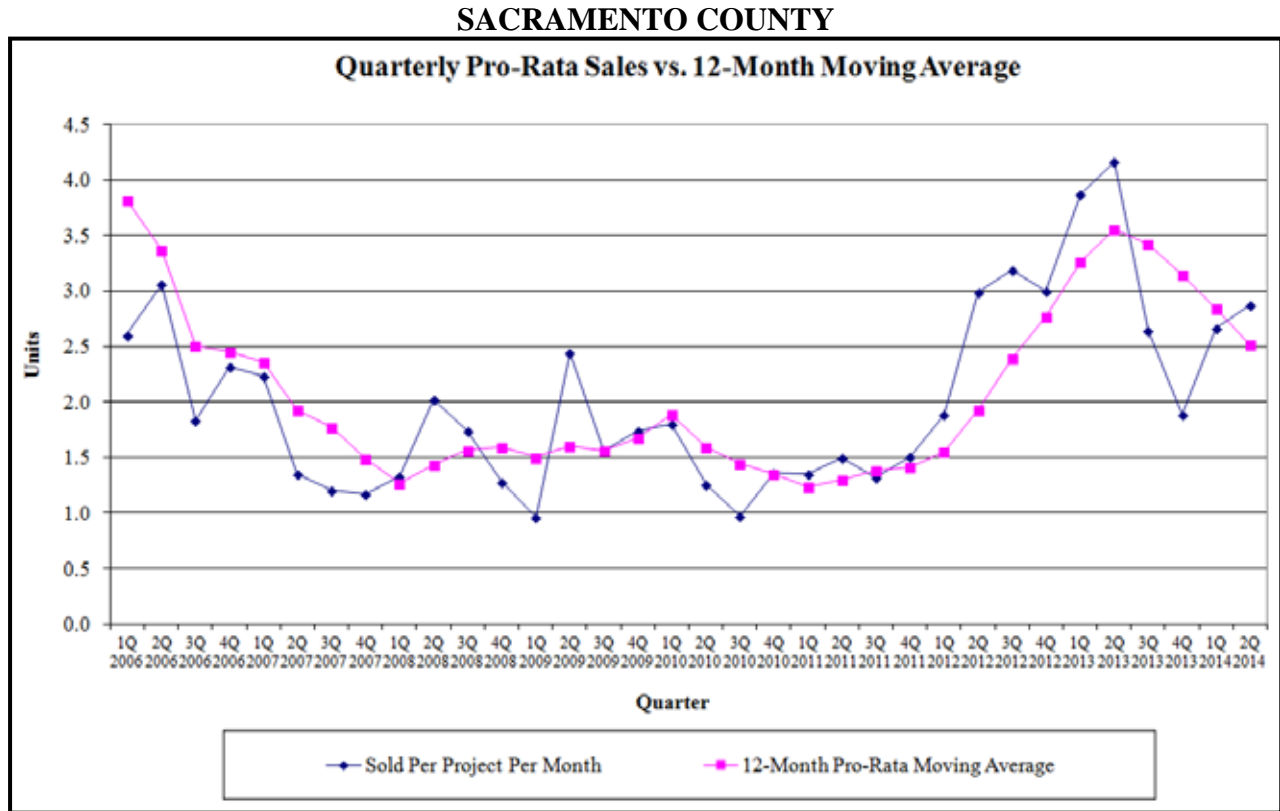
Net base prices have generally increased since the Fourth Quarter of 2011, but the number of projects has fluctuated. Currently there are 43 active new home projects in Sacramento County. Below, we chart the average new base price divided by the average home size.

SACRAMENTO COUNTY



Source: The Gregory Group

As another indication of market conditions, the pro-rata absorption rate per project (total sales divided by total number of projects), which assumes each project captures its fair share of units, has fluctuated amid the low number of projects. Over the last 12 months, projects have averaged 2.5 units per month, and the average pro-rata rate has been above 2.0 units for eight consecutive quarters.



Source: The Gregory Group

Median Prices – New and Resale Prices Combined

Shown on the following page are median prices (new and resale combined) for Sacramento County. The table is followed by a chart comparing median prices in Sacramento County with nearby Rancho Cordova and Folsom.

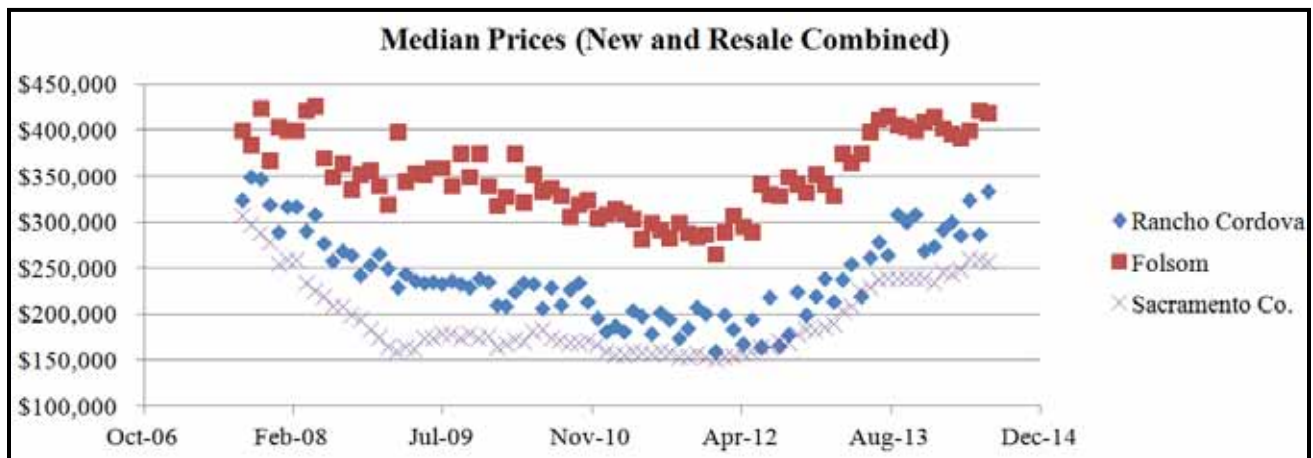
SACRAMENTO COUNTY - MEDIAN PRICES (NEW AND RESALE COMBINED)

Month	August 2012 Thru July 2013	August 2013 Thru July 2014	12 Month Percentage Change	(per month)
August	\$173,000	\$240,000	38.7%	3.2%
September	\$170,000	\$240,000	41.2%	3.4%
October	\$180,000	\$240,000	33.3%	2.8%
November	\$185,000	\$239,250	29.3%	2.4%
December	\$183,000	\$240,000	31.1%	2.6%
January	\$187,250	\$235,000	25.5%	2.1%
February	\$190,000	\$247,000	30.0%	2.5%
March	\$205,000	\$245,000	19.5%	1.6%
April	\$210,000	\$250,000	19.0%	1.6%
May	\$227,000	\$261,000	15.0%	1.2%
June	\$230,000	\$260,000	13.0%	1.1%
July	\$239,000	\$257,500	7.7%	0.6%
6-Month Percentage Change (per month)	27.6%	9.6%		
	4.6%	1.6%		

Source: DataQuick

The median price in July 2014 was 7.7% higher than July 2013. Over the last six months, the median price has increased 9.6%. The median price, year-over-year, has been up in all of the last 12 months, with the highest reported year-over-year increase in September, marking a 41.2% increase from the prior year.

Median prices in Sacramento County have increased in recent months, as reflected by the chart below. Sacramento County prices below are compared with nearby Rancho Cordova and Folsom.



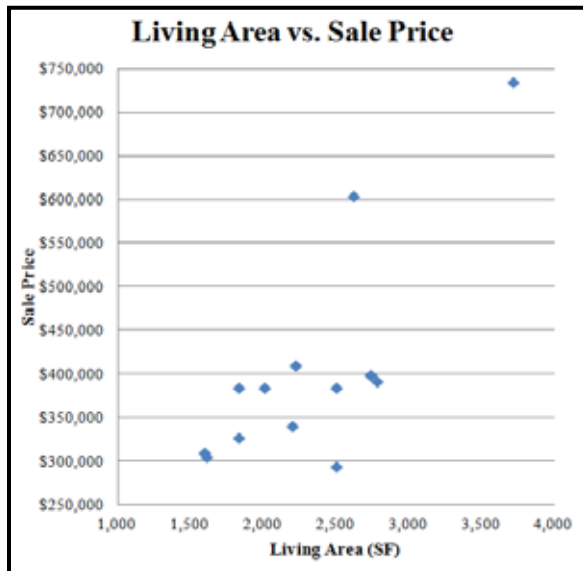
Source: DataQuick

Resale Market – Rancho Murieta

Resale prices from March 1, 2014 through September 16, 2014 involving homes built in 2000 or later on lots containing at least 5,000 SF in the Rancho Murieta area are shown below.

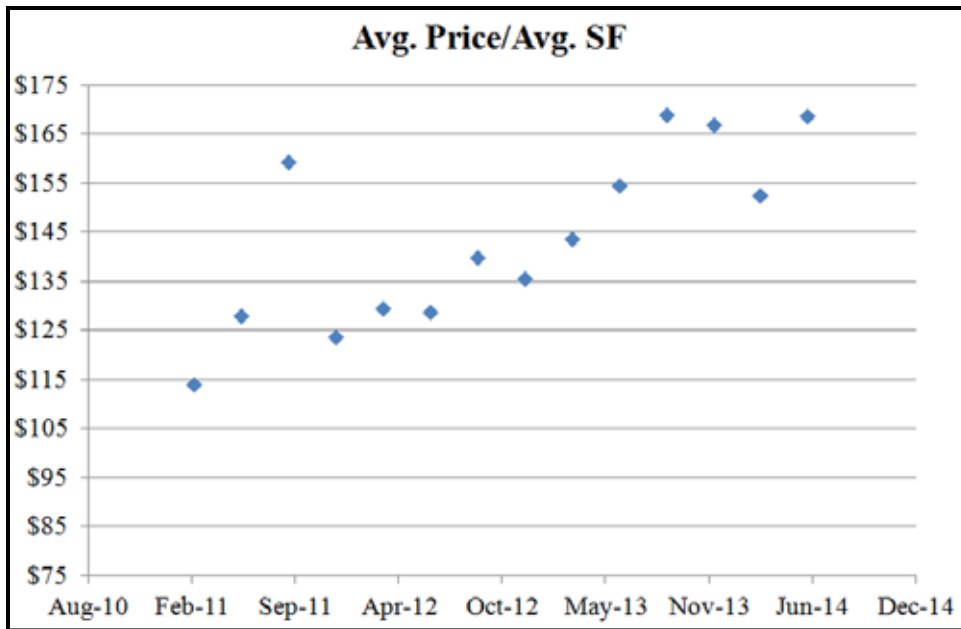
MARCH 1, 2014 – SEPTEMBER 16, 2014 SALES

Road	Living Area (SF)	Sale Price	Last List Price	Sale Price/SF	Sale/List	Lot Size	Year Built	Days on Market	Comment
15544 Topspin Way	2,500	\$295,000	\$295,000	\$118	100.0%	5,946	2005	146	Short Sale
7509 Linksman Court	1,609	\$305,000	\$309,000	\$190	98.7%	5,994	2003	6	
15517 Topspin Way	1,587	\$310,000	\$319,000	\$195	97.2%	5,972	2005	42	HUD
15380 Murieta South Parkway	1,830	\$327,000	\$339,000	\$179	96.5%	9,148	2002	3	
15441 Bent Grass Court	2,194	\$341,250	\$293,800	\$156	116.2%	6,042	2003	7	REO
15407 Abierto Drive	2,000	\$385,000	\$399,900	\$193	96.3%	10,533	2002	36	
15372 Murieta South Parkway	1,830	\$385,000	\$395,000	\$210	97.5%	11,086	2001	36	
15521 Topspin Way	2,500	\$385,000	\$381,900	\$154	100.8%	7,732	2005	12	REO
7621 Colbert Drive	2,777	\$392,000	\$395,000	\$141	99.2%	6,142	2005	8	
7479 Verona	2,734	\$399,000	\$399,000	\$146	100.0%	12,889	2002	7	
7450 Callaway Drive	2,734	\$400,000	\$399,990	\$146	100.0%	12,458	2001	21	
15369 Murieta South Parkway	2,218	\$410,000	\$410,000	\$185	100.0%	8,124	2001	16	
15039 Venado	2,612	\$605,000	\$639,900	\$232	94.5%	6,364	2001	64	
15183 De La Cruz	3,710	\$735,000	\$749,000	\$198	98.1%	18,478	2001	146	
Total Sales	14	2,345	\$405,304	\$408,964	\$174	99.6%	9,065	2003	39
		(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)



Source: MLS

Since the Third Quarter of 2012, MLS data indicates the average resale price/average home size has generally trended upward, from \$129/SF to \$169/SF. For the same time period, average days on the market have decreased to an average of 15 days in the Second Quarter of 2014. The approximate resale price per square foot (average sale price divided by average home size) is charted as follows:



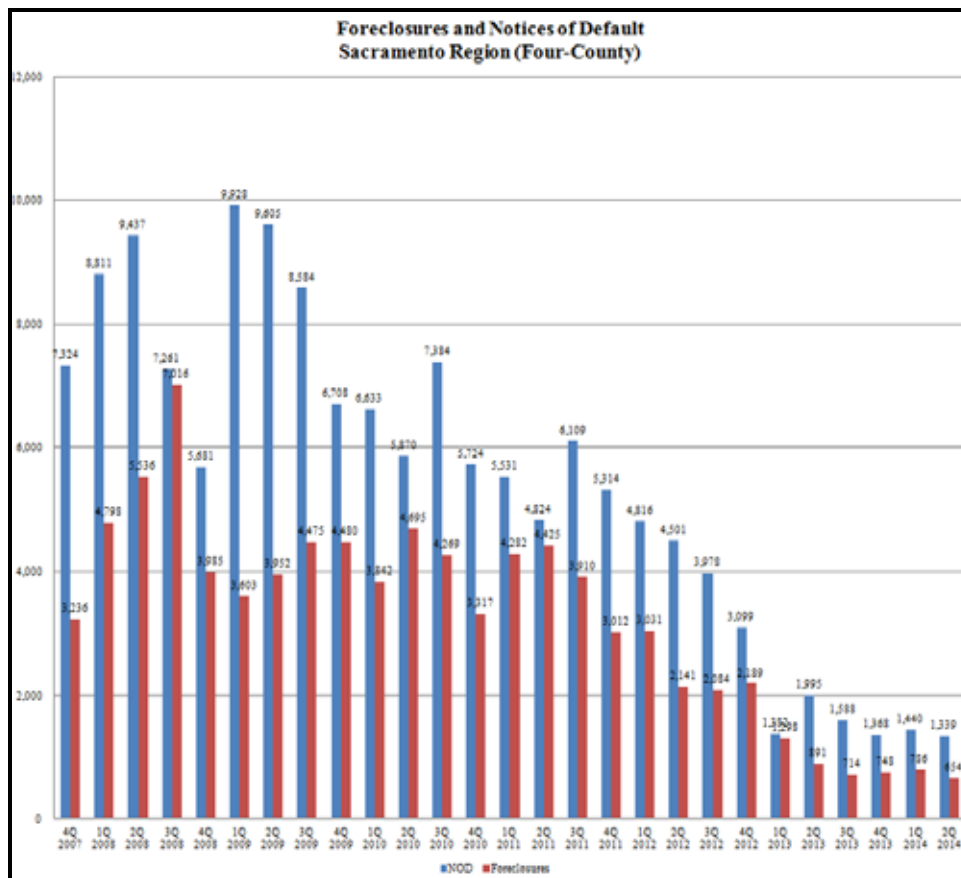
Source: MLS

Rancho Murrieta was designed and then began development as an exclusive golf course community. A combination of factors (real estate cycles, remote location relative to competing growth areas and other market influences) has limited demand and thus the need for inventory in this area. If the region continues to show signs of an expansionary period for real estate development, moderate growth could be expected in the area.

DRAFT

Notices of Default/Foreclosures

DataQuick has released the information on the following page for notices of default and foreclosures in the four county Sacramento area (Sacramento, El Dorado, Placer and Yolo):



Source: DataQuick

Mirroring the state-wide trend, notices of defaults and foreclosures have decreased in recent quarters. In California during the Second Quarter of 2014, the number of California homeowners entering the formal foreclosure process dropped to the lowest level since late 2005, the result of a stronger economy and higher home values.

According to a DataQuick analyst, “The relatively high NoD [notice of default] tally in second quarter last year reflected a one-time bump because of deferred activity and policy change. Otherwise the quarterly flow of NoDs since early last year has been remarkably flat, and probably doesn't reflect any meaningful changes in trends. The overall trend is that homeowner distress continues to decline because of a stronger economy and rising home prices.”

Statewide, foreclosure resales—properties foreclosed on in the prior 12 months—accounted for 6.1% of all resale activity during the quarter. This is down from 7.6% the prior quarter and down from 11.5% a year ago. Foreclosure resales peaked at 57.8% during the First Quarter of 2009. Short sale transactions made up 5.8% of resale transactions during the Second Quarter of 2014, which is down from 7.5% from the prior quarter and 13.7% from one year prior.

Most of the loans going into default are still from the 2005-2007 period. The median origination quarter for defaulted loans is still third-quarter 2006. That has been the case for more than five years, indicating that weak underwriting standards peaked then.

Market Participant Interviews

We frequently interview market participants about supply and demand conditions in general. We have recently interviewed multiple land brokers and builder land acquisition agents. The consensus is near-term land pricing has increased significantly from 2012, but in recent months land prices have pulled-back. One participant referenced a project in the Sacramento region where one builder submitted an offer at \$85,000 per finished lot in mid-2013, but later, due to market changes, reduced its offer to \$65,000 per finished lot. This price is still higher than the price paid in 2012 for a similar property (\$45,000 per finished lot). The pullback in land prices is the result of a combination of factors, including slowing home sales, rising interest rates, the doubling of mortgage insurance, seasonality, as well as the fact that builders have increased pricing. One broker indicated that some builders may have been too aggressive with home price increases, perhaps in a rush to support the speculative prices paid for land a few months prior. The number of lot transactions across the region lessened in late 2013 and early 2014; however, demand for lots in primary market areas remains.

Conclusion

The inventory of available finished lots in the region at “A-locations” is decreasing. In 2013 builders were looking for unimproved lots for near term site development and home construction, and competition for lots was fierce while builders were speculating on home price increases in their land purchases in order to secure lot inventory. However, in 2014, land brokers are reporting a drastic slowdown in land transactions, as merchant builders have reduced land acquisitions for fears of a residential market pull back. Market reports suggest the housing market may be overpriced in light of continued weak economic data and a still weak jobs market. Though the number of distressed land sales in the region is lessening, market distress still remains above average. Into the foreseeable future, home and lot prices are anticipated to be relatively stable.

HIGHEST AND BEST USE

The term “highest and best use,” as used in this report, is defined as follows:

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.⁴

Two analyses are typically required for highest and best use. The first analysis is highest and best use of the land as though vacant. The second analysis is the highest and best use of the land as improved, which is not applicable, since the subject property is vacant land. (Definitions of these terms are provided in the *Glossary of Terms* in the Addenda to this report).

Highest and Best Use – As Vacant

In accordance with the definition of highest and best use, it is appropriate to analyze the subject property as though vacant as it relates to legal permissibility, physical possibility, financial feasibility and maximum productivity.

Legal Permissibility

As discussed in the *Property Legal Data* section of this report, the subject property includes a range of entitlements. Portions of the subject will require additional approvals to obtain urban land use entitlements for development. The proposed and entitled land uses represent a significant amount of residential uses with supporting commercial development. These uses are either the legally permissible uses of the subject or are presumed to be (after entitlement work is completed).

Portions of the subject require entitlement approvals before development may occur. As a whole, the subject represents transitional land with a mix of future residential and commercial land uses.

Physical Possibility

While the subject does offer some off-site improvements constructed as part of the balance of the Rancho Murieta North development, substantial infrastructure improvements will be required for the land uses proposed and approved. Accounting for easements, development is physically possible. Given the subject consists of multiple parcels; assemblage of these parcels into a single project is a viable alternative.

⁴ The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 93.

Financial Feasibility

As discussed previously, in the later part of 2012 and for much of 2013 the residential sector of the real estate market in the Sacramento Region showed signs of market recovery. However, more recently new homebuilders have pulled back on acquisitions and also pricing for land. The connection between transitional land and near term residential land (improved and unimproved lots) is not direct due to the timeframe to bring transitional land to the market for development. However, the overall market forces have similar impacts on both. The subject's components with greater entitlements will likely warrant an interim hold as market conditions improve and the remaining components should continue to move through the entitlement process with the intent to have fully entitled land components when the market recovers to the point the demand compels a purchase of the subject property. Due to the costs associated with completing the entitlement process an alternate approach would be the interim hold with no change in the entitlement status and simple sell off the subject's components as the market recovers.

In summary, the subject represents transitional land with a short- to mid-term development horizon, and based on supply and demand conditions, there is adequate demand across the Sacramento region for speculative land (without approved entitlements). The price level for transitional land depends on a number of factors, as discussed in the valuation section of this report.

Maximum Productivity

Based on the factors previously discussed, the maximally productive use of the subject (as vacant) is to assemble the subject parcels and develop over an interim to long term horizon during which time additional entitlements for development should be procured. Overall, we estimate a one to 10 year development timeline for the subject property (this is not project build-out, which is projected for decades). The probable buyer of the subject property as vacant would be an investor/land speculator.

APPROACHES TO VALUE

The valuation process is a systematic procedure used in the valuation of real property.⁵ This process involves the investigation, organization and analysis of pertinent market data and other related factors that affect the market value of real estate. The market data is analyzed in terms of any one or all of the three traditional approaches to estimating real estate value. These are the cost, sales comparison, and income capitalization approaches. Each approach to value is briefly discussed and defined as follows:

Cost Approach

The cost approach is based on the premise that no prudent buyer would pay more for a particular property than the cost to acquire a similar site and construct improvements of equivalent desirability and utility. Thus, this approach to value relates directly to the economic principle of substitution, as well as supply and demand. The cost approach is most applicable when valuing properties where the improvements are new or suffer only a minor amount of accrued depreciation, and is especially persuasive when the site value is well supported. The cost approach is also highly relevant when valuing special-purpose or specialty properties and other properties that are not frequently exchanged in the market.

The definition of the cost approach is offered as follows:

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.⁶

Sales Comparison Approach

The sales comparison approach is based on the premise that the value of a property is directly related to the prices being generated for comparable, competitive properties in the marketplace. Similar to the cost approach, the economic principles of substitution, as well as supply and demand are basic to the sales comparison approach. This approach has broad applicability and is particularly persuasive when there has been an adequate volume of recent, reliable transactions of similar properties that indicate value patterns or trends in the market. When sufficient data are available, this approach is the most direct and systematic approach to value estimation. Typically, the sales comparison approach is most pertinent when valuing land, single-family homes and small, owner-occupied commercial and office properties.

⁵ The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 205.

⁶ The Dictionary of Real Estate Appraisal, 47.

The definition of the sales comparison approach is offered as follows:

The process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.⁷

Income Capitalization Approach

The income capitalization approach is based on the premise that income-producing real estate is typically purchased as an investment. From an investor's point of view, the potential earning power of a property is the critical element affecting value. The concepts of anticipation and change, as they relate to supply and demand issues and substitution, are fundamental to this valuation approach. These concepts are important because the value of income-producing real estate is created by the expectation of benefits (income) to be derived in the future, which is subject to changes in market conditions. Value may be defined as the present worth of the rights to these future benefits.

Within the income capitalization approach there are two basic techniques that can be utilized to estimate market value. These techniques of valuation are direct capitalization and yield capitalization.

Direct Capitalization: A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only a single year's income is used. Yield and value changes are implied but not identified.⁸

Yield Capitalization: A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate.⁹

The definition of the income capitalization approach is offered as follows:

A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.¹⁰

⁷ The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 175.

⁸ The Dictionary of Real Estate Appraisal, 58.

⁹ The Dictionary of Real Estate Appraisal, 211.

¹⁰ The Dictionary of Real Estate Appraisal, 99.

APPRAISAL METHODOLOGY

As discussed, the subject property consists of 734.85 acres on the north side of Jackson Highway, behind the gates of the Rancho Murrieta Community, with the remainder, 92.95 acres, situated south of Jackson Highway, opposite the gated Rancho Murrieta Community. As previously reported, the entire subject property is essentially held under a single ownership group. We have concluded in the highest and Best Use analysis that similar to the current owner's effort to assemble and manage the development and sell-off of the subject property as a master planned community, other land developers would take a similar approach. Our Highest and Best Use conclusion that assemblage of the subject property is in fact the maximally productive use leads us to analysis the subject property as a single project in transition from undeveloped lands to a fully entitled master plan intended for urban/suburban land uses.

While we have concluded that a single buyer would be interested in the subject and would consider the purchase on a value per gross acre, we do believe it is likely that value allocations would be made to differentiate the land areas north of Jackson Highway from that south of Jackson Highway. The 92.95 acres of land south of Jackson Highway include 53.14 acres of mixed-use land discernibly further along in terms of entitlements, as well as 39.81 acres of non-residential land, which represent a smaller component in terms of total land area. The combination of these characteristics suggests a data set of transitional land sales with land areas around the 100 acre range. In contrast, the subject's component north of Jackson Highway is much larger at 734.85 acres and has more entitlement work before development can commence. The development timeline for this component will also depend on demand factors in the region. Demand is ultimately the driving force behind any emerging area. In this instance, the subject's location more remote than most emerging communities in the Sacramento region has a downward impact on value, when compared to the projects more proximity to the employment centers of the region.

In the valuation section that follows, we have arrayed 12 transition land sales. Six of the 12 sales will be analyzed in the valuation of the subject's north of Jackson Highway component and the remaining six land sales will be considered in the valuation of the subject's land component situated south of Jackson Highway.

SALES COMPARISON APPROACH

The sales comparison approach to value will be utilized to estimate the market value of the subject property (by land use component). The twelve sales compiled for use in this portion of the analysis reflect transaction sizes from 94.50 to 961.90 acres. The subject, at a total of 827.8 acres, would likely appeal to a single buyer. As previously discussed, the data set has been segmented into two groups for valuation purposes. The first grouping will be used in the valuation of the subject's north of Jackson Highway component and the second grouping will be compared to the subject's south of Jackson Highway component.

The sales comparison approach is based on the economic principle of substitution. According to *The Appraisal of Real Estate*, 14th Edition (Chicago: Appraisal Institute, 2013), "The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time." The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

The proper application of this approach requires obtaining recent sales data for comparison with the subject property. In order to assemble the comparable sales, we searched public records and other data sources for leads, and then confirmed the raw data obtained with parties directly related to the transactions (primarily brokers, buyers and sellers).

On the following page, we have arrayed comparable sales that have occurred in the region. The summary table is accompanied by a map and followed by details of each comparable. We analyze the subject and comparables on a gross acre basis.

COMPARABLES SUMMARY

No.	Location	Sale Date	Sale Price	Gross Acres	Price per Gross Acre	Comments
<u>North of Jackson Land Comparables</u>						
1	East of Scott Road, south of Highway 50 Folsom, Sacramento County APN: 072-0070-032 et al	May-13	\$30,000,000	430.99	\$69,607	Russell Ranch
2	South side of Highway 50 at Scott Road Folsom, Sacramento County APN: 072-0060-045 et al	Mar-13	\$26,865,000	681.48	\$39,422	Carpenter Ranch
3	E/S & W/S of Scott Road, S/O Highway 50 Folsom, Sacramento County APN: 072-0060-069 and -038	Oct-12	\$60,000,000	961.90	\$62,377	Mangini Ranch
4	SWQ of South River Road and Davis Road West Sacramento, Yolo County APN: 046-250-001 et al	Apr-11	\$8,315,000	371.68	\$22,371	River Park
5	S/S of Pleasant Grove Boulevard extension (proposed), west of WestPark, Roseville (SOI), Placer County APN: 017-150-002 et al	Aug-10	\$11,000,000	400.00	\$27,500	Adj. to Sierra Vista Specific Plan
6	NEQ of Grantline Road and Keifer Road Rancho Cordova, Sacramento County APN: 073-0040-024	Dec-09	\$6,451,553	485.31	\$13,294	Cordova Hills Planning Area
<u>South of Jackson Land Comparables:</u>						
7	North side of Baseline Road, west of Fiddymnt Roseville, Placer County APN: 017-150-081 (por.) and -082 (por.)	Early 2014	\$4,116,420	94.50	\$43,560	Sierra Vista Specific Plan
8	S/S of Florin Road, N/S of Gerber Road Sacramento (unincorporated), Sacramento County APN: 066-0210-001 thru -007, et al	Dec-13	\$4,600,000	146.13	\$31,479	Vineyard Creek
9	SWQ of Baseline Road and Watt Avenue Roseville (unincorporated), Placer County APN: 023-200-071 et al	May-13	\$3,406,000	119.20	\$28,574	Placer Vineyards
10	N/S & S/S of Douglas Road, E/O Sunrise Boulevard Rancho Cordova, Sacramento County APN: 067-0040-017 et al	Mar-13	\$1,150,000	100.71	\$11,419	Sunridge Specific Plan
11	NEC of State Highway 65 Bypass and Nelson Lane Lincoln (SOI), Placer County APN: 021-262-035	Jan-12	\$1,675,000	111.90	\$14,969	SUD - Area B and GP Area
12	SWC of Douglas Road and Grant Line Road Rancho Cordova, Sacramento County APN: 067-0040-021	Jul-11	\$2,000,000	105.10 (est.)	\$19,029	Sunridge Specific Plan

COMPARABLE LAND SALES MAP



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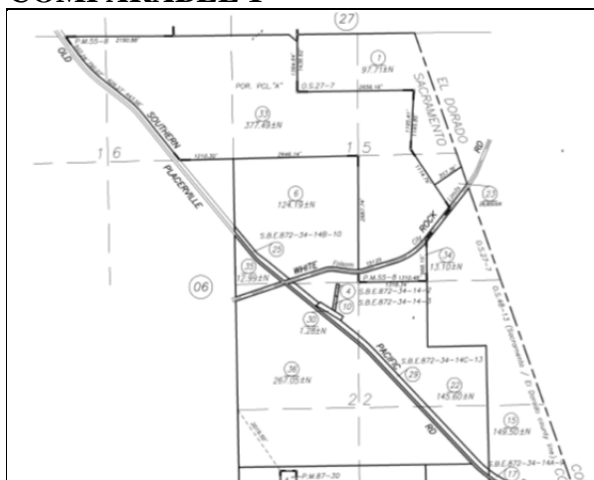
COMPARABLE 1

Property Identification

Russell Ranch

East of Scott Road, south of
Highway 50
Folsom, CA
Sacramento County

APN: 072-0070-032 and -138
(changed to 072-0072-033 and -
034)



Sale Data

Grantor	Russell-Promontory LLC
Grantee	TNHC Russell Ranch LLC
Sale Date	5/23/2013
Deed Book Page	130523-1119
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$30,000,0000
Annual Bond Payments	\$0

Land Data

Land Area (Acres)	430.99
Zoning	Single-family, multifamily and commercial
Shape	Irregular
Street Frontage	Scott Road and White Rock Road
Topography	Undulating
Off-Site Improvements	Paved access, electricity, telephone
On-Site Improvements	None

Indicators

Sale Price per Acre	\$69,607
Annual Bond Payments per Acre	\$0

Remarks

This comparable represents the purchase of Russell Ranch, which is located in the South of Folsom Planning Area, just east of Mangini Ranch. The property is approved for 713 single-family units and 406 multifamily units, as well as commercial, neighborhood and public use areas. Specific acreages for each area were not available; however, it was noted that 26% of the property (or approximately 25%) is open space that is not developable. Like other properties in the South of Folsom Planning Area, most entitlements are in place but wetlands/environmental permits, a financing plan and small lot tentative maps are needed.

COMPARABLE 2

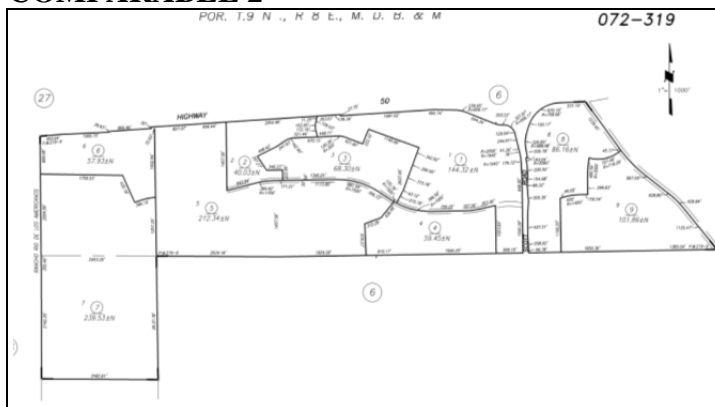
Property Identification

Carpenter Ranch

South side of Highway 50 at Scott Road

Folsom, Sacramento County, CA

APN: 072-0060-045 et al



Sale Data

Grantor	RCFC Carpenter Ranch (U.S. Bank)
Grantee	West Prairie Estates LLC et al
Sale Date	3/26/2013
Deed Book Page	130326-1514 et al
Property Rights	Fee Simple
Conditions of Sale	REO/Market
Financing Terms	Cash Equivalent
Sale Price	\$26,865,000
Annual Bond Payments	\$0

Land Data

Land Area (Acres)	681.48 acres
Zoning	831 single-family lots on 202.8 acres, 1,432 multifamily units on 105.7 acres, 18.5 acres of parks and schools, 2.7 acres of sewer/public facilities, 59.9 acres of roads and 291.9 acres of open space
Shape	Rectangular
Street Frontage	Highway 50 and Scott Road
Topography	Level
Off-Site Improvements	Paved access, electricity, telephone
On-Site Improvements	None

Indicators

Sale Price per Acre	\$39,422
Annual Bond Payments per Acre	\$0

Remarks

This comparable is a portion of a 1,009.9-acre property known as Carpenter Ranch, which contains residential and commercial components. The total property was marketed for an extensive period and the seller was reportedly asking \$30 million. The seller was an entity of U.S. Bank, which foreclosed on Carpenter Ranch LP on August 12, 2011 with an outstanding loan balance of approximately \$42 million. Carpenter Ranch is within a 3,500-acre master planned community directly south of the current Folsom city limits with 1.5 miles of highway frontage. The property was located in the sphere of influence of Folsom, but received approval for annexation from LAFCO on January 18, 2012 (which became effective in February 2012). Significant entitlement approvals have been previously completed. However, the buyer needs to complete project-level entitlements and finalize infrastructure planning. This comparable represents the sale of the residential component. Specially, this property includes 831 single-

family lots on 202.8 acres, 1,432 multifamily units on 105.7 acres, 18.5 acres of parks and schools, 2.7 acres of sewer/public facilities, 59.9 acres of roads and 291.9 acres of open space. The commercial component of Carpenter Ranch, which was not included, has 252.9 acres of commercial (industrial, office, general and regional commercial), 21.1 acres of roads and 54.4 acres of open space. While not included in the purchase, if the seller exceeds an identified return threshold on development of the commercial property, the buyer will participate in marginal commercial profits. Similarly, if the buyer achieves an identified return threshold on development of the residential property, the seller will participate in marginal residential profits.

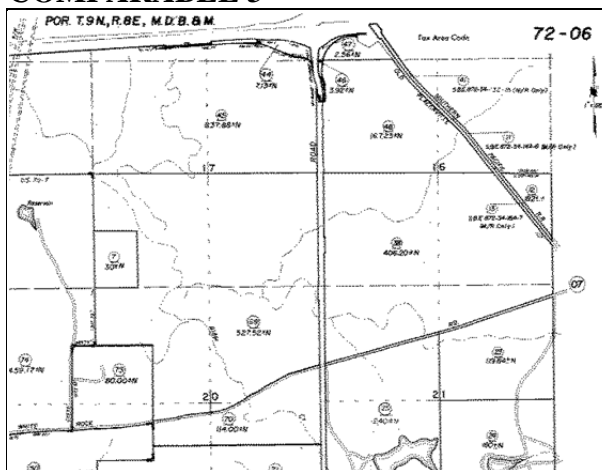
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COMPARABLE 3

Property Identification

East and west sides of Scott Road,
south of Highway 50
Folsom, CA
Sacramento County

APN: 072-0060-069 and -038



Sale Data

Grantor	Angelo Tsakopoulos
Grantee	Folsom Real Estate South LLC et al
Sale Date	October 12, 2012
Deed Book Page	121012-1356 et al
Property Rights	Fee Simple
Conditions of Sale	Short sale/Market
Financing Terms	Seller-financed/Above market
Sale Price	\$60,000,000
Annual Bond Payments	\$0

Land Data

Land Area (Acres)	961.9 (703.1 developable)
Zoning	Single-family, multifamily and commercial
Shape	Irregular
Street Frontage	Scott Road and White Rock Road
Topography	Undulating
Off-Site Improvements	Paved access, electricity, telephone
On-Site Improvements	None

Indicators

Sale Price per Acre	\$62,377
Annual Bond Payments per Acre	\$0

Remarks

This comparable represents the purchase of Mangini Ranch. 961.95-acre Mangini Ranch, which is located within the Folsom Plan Area Specific Plan (the "Specific Plan"). The Specific Plan contains 3,513.4± acres and represents the City's future expansion area south of Highway 50. The City of Folsom approved the Specific Plan on June 28, 2011, and the Local Area Formation Commission (LAFCO) approved annexation into the city on January 18, 2012. The Specific Plan, Environmental Impact Report and annexation have been approved. Improvement plans, tentative subdivision maps and Section 404 permits have not been approved.

According to public records, West Scott Road LLC acquired the subject property from Angelo Tsakopoulos on October 12, 2012 (Document Number 121012-1352) with an allocated price of \$5,900,000 (\$16,004/unit or \$85,342/acre). West Scott Road LLC and three other separate-but-related ownerships (Mangini North Holdings LLC, Folsom Real Estate South LLC and White

Rock Land Investors LLC) each acquired components as part of a total 961.6-acre transaction with a total sale price of \$59,000,000 (per public records). A party to the transaction indicated the allocated prices for the four components were based on the number of units in each component. Further, note the Owner indicates the actual sale price was \$60,000,000 (not \$59,000,000 as reflected by public records), which suggests the buyer may have paid items (such as broker fees) directly. The seller financed \$24,000,000 of the sale price. The note has a 12-year term and variable rate between 7.5% and 8.5% (prime plus 3.5%). The seller-financing is pre-payable without penalty. According to a party involved in the transaction, due to the buyer's down payment, the seller released the rights to develop up to 1,000 lots; the rights to develop the balance will be released by the seller when the buyer pays off the seller-financing.

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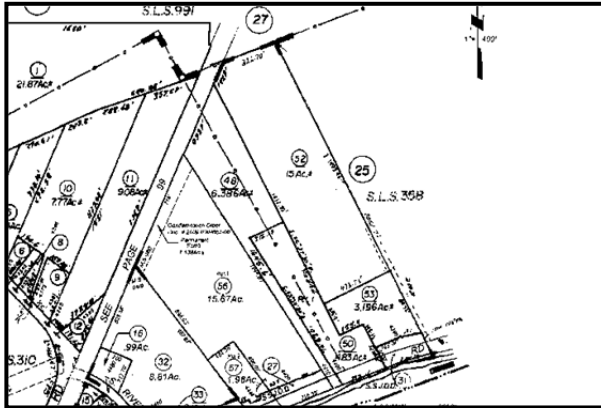
COMPARABLE 4

Property Identification

Transitional Land

Southwest quadrant of South River
Road and Davis Road
West Sacramento, CA
Yolo County

APN: 046-250-001 et al



Sale Data

Grantor	Central Pacific Bank
Grantee	Sun M Capital LLC
Sale Date	04/26/2011
Deed Book Page	11549
Property Rights	Fee Simple
Conditions of Sale	REO/Market
Financing Terms	Seller Financing
Sale Price	\$8,315,000
Annual Bond Payments	\$0

Land Data

Land Area (Acres)	371.68
Zoning	R1B, R2, RP, PQP, C1, POS, Mixed
Shape	Irregular
Corner Orientation	No
Street Frontage	South River Road
Topography	Generally level
Off-Site Improvements	Paved access and electricity and telephone
On-Site Improvements	None

Indicators

Sale Price per Acre	\$22,371
Annual Bond Payments per Acre	\$0

Remarks

Central Pacific Bank foreclosed on this property from Richland Communities and subsequently sold the property to an investment group. In 2008 Richland Communities had procured entitlement approvals from the City for 2,284 residential units and 8.4 acres of commercial development land for the 452.50-acre project known as River Park. This sale represents a portion of that project. Entitlements approved include a Development Agreement (DA), planned development permit and Environmental Impact Report (EIR). Small lot tentative maps and improvement plans are needed. Central Pacific Bank retained ownership of a 26-acre parcel (not included in this sale) because it had environmental hazards from former agricultural use. Other properties in River Park have different ownerships. The buyer of this property is an investment company from Southern California. Reportedly the buyer utilized equity investors from China. The River Park project overall contains 72.8 acres of undevelopable open space acreage. We estimate this portion of the larger project contains approximately 60 acres of open space. At the

time of sale, the City estimated it would be approximately seven years before levee improvements are completed to provide 200-year flood protection. This property is affected by uncertain flood zone and moratorium risk.

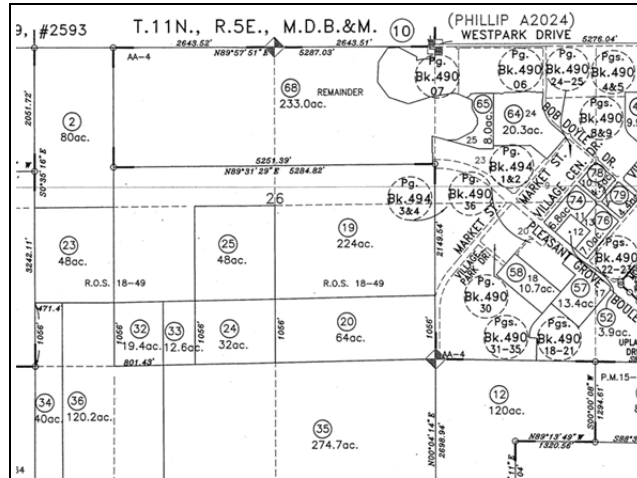
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COMPARABLE 5

Property Identification

South side of Pleasant Grove
Boulevard extension (proposed),
west of WestPark
Roseville (SOI), CA
Placer County

APN: 017-150-002 et al



Sale Data

Grantor	D M Placer 400 LLC
Grantee	Westpark Partners (Bill Fallik)
Sale Date	August 31, 2010
Deed Book Page	68337
Property Rights	Fee Simple
Conditions of Sale	See Remarks
Financing Terms	Cash Equivalent
Sale Price	\$11,000,000
Annual Bond Payments	\$0

Land Data

Land Area (Acres)	400.00
Zoning	Urban Reserve (property intended for residential)
Shape	Irregular
Street Frontage	Pleasant Grove Boulevard
Topography	Generally level
Off-Site Improvements	None
On-Site Improvements	None

Indicators

Sale Price per Acre	\$27,500
Annual Bond Payments per Acre	\$0

Remarks

The buyer owns the adjacent tract of land to the east (within the Westpark master plan), and both the buyer and broker described the sale as above market. The property had been owned by Richland Communities (D M Placer 400 LLC), which was under financial distress. The property sold via short sale and had been marketed for approximately six months. This property was originally designed as part of the Sierra Vista Specific Plan. However, due to financial difficulties by Richland Communities the property was withdrawn from that Specific Plan. This property will be annexed into the city of Roseville with the Sierra Vista Specific Plan properties (application in process), but will have an urban reserve (rather than an urban) zoning designation. This property will need to process its own entitlements, including environmental review. However, urban development is highly probable, given the City had initially planned to include it within the Sierra Vista Specific Plan. The specific amount of wetlands on the property is

unknown. However, we estimate that approximately 75% of the property is developable, based on our knowledge of wetlands acreages on adjacent parcels and a review of a wetlands aerial photograph (produced by the City of Roseville).

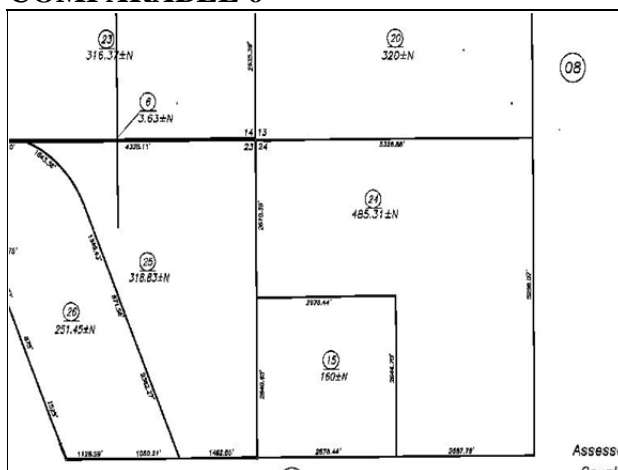
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COMPARABLE 6

Property Identification

Northeast quadrant of Grantline
Road and Keifer Road
Rancho Cordova, CA
Sacramento County

APN: 073-0040-024



Sale Data

Grantor	Solitu Investments and Charles Somers
Grantee	CCV Investors
Sale Date	12/30/2009
Deed Book Page	91230-1266
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$6,451,553 (total consideration)
Annual Bond Payments	\$0

Land Data

Land Area (Acres)	485.31
Zoning	Agricultural
Shape	Irregular
Street Frontage	None
Topography	Rolling
Off-Site Improvements	Electricity, telephone
On-Site Improvements	None

Indicators

Sale Price per Acre	\$13,294
Annual Bond Payments per Acre	\$0

Remarks

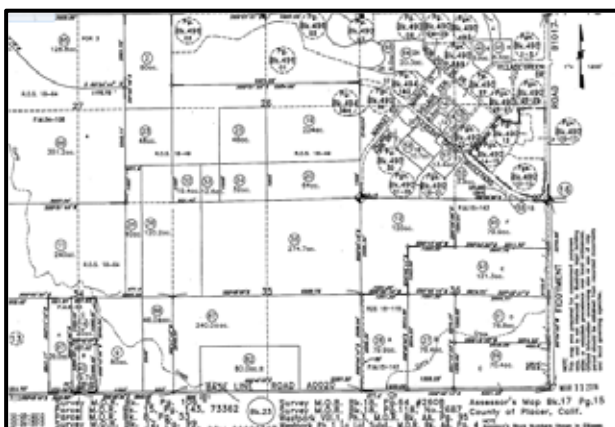
This comparable represents the sale of 485.31 acres known as the Sioukas property, located in the Cordova Hills Planning Area of Sacramento County. The seller acquired the property in 2007 for approximately \$19.1 million. The seller was motivated to sell by the end of 2009 for tax purposes. At the time of sale, Cordova Hills was in the early stages of entitlement (EIR was planned to begin in mid-2010 as of the date of sale). This parcel is subject to a Williamson Act contract that expires in 2016. A notice of non-renewal has already been filed. Because of the agricultural preserve restrictions, the fact that it is landlocked, and its location towards the southeastern edge of the proposed Cordova Hills project, it is expected to be a longer-term development property. The seller is the landowner of the rest of this specific plan. As a minority landowner in the Cordova Hills planning area, the buyer expected to benefit from the seller's continuing efforts to entitle the property and related expertise. The sale involved the buyer taking over the note on the property, \$1,609,000, plus \$4,842,553 cash to the seller. Therefore, the total consideration for the sale was \$6,451,553, as shown above.

COMPARABLE 7

Property Identification

North side of Baseline Road, west
of Fiddymment Road
Roseville, CA
Placer County

APN: 017-150-081 (portion) and -
082 (portion)



Sale Data

Grantor	Baseline P&R LLC
Grantee	True Life Communities/Chris Vrame
Sale Date	Early 2014
Deed Book Page	Not available
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$4,116,420
Annual Bond Payments	\$0

Land Data

Land Area (Acres)	94.50 (net of proposed backbone infrastructure)
Zoning	Commercial/Mixed Use/Business Park
Shape	Irregular
Street Frontage	Baseline Road
Topography	Generally level
Off-Site Improvements	Electricity/telephone
On-Site Improvements	None

Indicators

Sale Price per Acre	\$43,560
Annual Bond Payments per Acre	\$0

Remarks

This comparable is located within the Sierra Vista Specific Plan and consists of a bundle of commercial properties within a 366.4 gross acre tract. The seller sold the commercial land to service debt; the property sold represents portions of existing parcel numbers. A future lot line adjustment will provide for new assessor parcel numbers for the transacted property. Public records do not yet reflect the transaction. However, the sale was verified from a reliable source. Reportedly the sale price for the total 94.5 net acres (net of backbone infrastructure, to be constructed) was \$43,560 per acre.

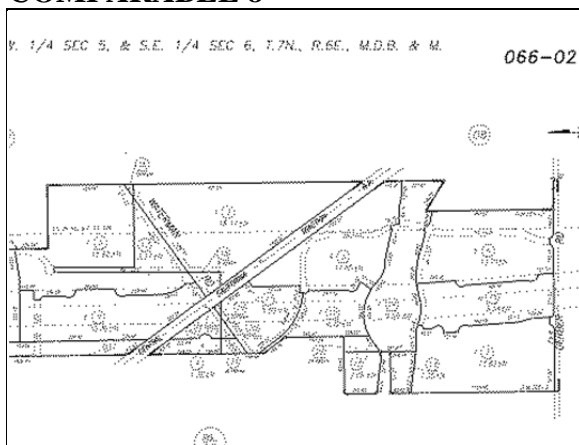
COMPARABLE 8

Property Identification

Single-family Residential Land

South side of Florin Road, north side of Gerber Road, east of Elk Grove-Florin Road
Sacramento (unincorporated), CA
Sacramento County

APN: 066-0210-001 thru-007, -009 thru -012, -016 thru-021 and -024;
065-0260-001 thru -003 and -015



Sale Data

Grantor	Family Real Property LP
Grantee	Lennar Homes of California
Sale Date	12/6/2013
Deed Book Page	121030-830
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$4,600,000
Annual Bond Payments	\$0

Land Data

Land Area (Acres)	146.13 (113.98 developable)
Zoning	Single-family
Shape	Irregular
Street Frontage	Florin Road and Gerber Road
Topography	Generally level
Off-Site Improvements	Paved access and utilities
On-Site Improvements	None

Indicators

Sale Price per Acre	\$31,479
Annual Bonds per Acre	\$0

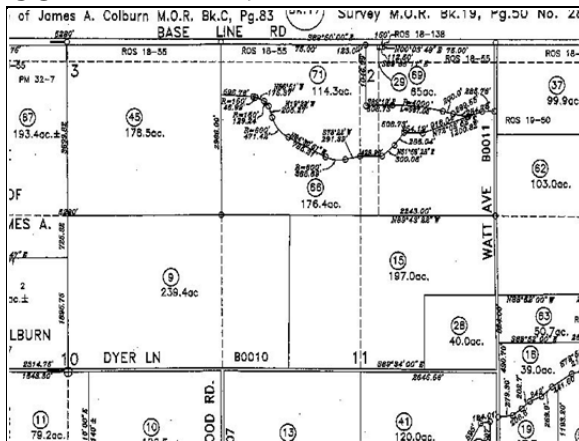
Remarks

This transaction represents the sale of 504 lots from an investor to a builder. The investor acquired the property in two separate REO transactions (2012) for a combined price of \$2,150,000. The property includes drainage areas that are undevelopable. The buyer (Lennar) is developing the Vineyard Point project to the east.

COMPARABLE 9

Property Identification

Placer Vineyards (portion)
 Southwest quadrant of Baseline Road and Watt Avenue
 Placer County, CA
 APN: 023-200-071 and -069



Sale Data

Grantor	Placer 536
Grantee	LDK-Arep III Placer Owner LLC
Sale Date	5/16/2013
Deed Book Page	48110
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$3,406,000
Annual Bond Payments	\$0

Land Data

Land Area (Acres)	119.20 (99.20 developable)
Zoning	SPL-PVSP, Placer Vineyards Specific Plan
Shape	Irregular
Street Frontage	Watt Avenue and Baseline Road
Topography	Level to rolling
Off-Site Improvements	Paved access, electricity, telephone
On-Site Improvements	None

Indicators

Sale Price per Acre	\$28,574
Annual Bonds per Acre	\$0

Remarks

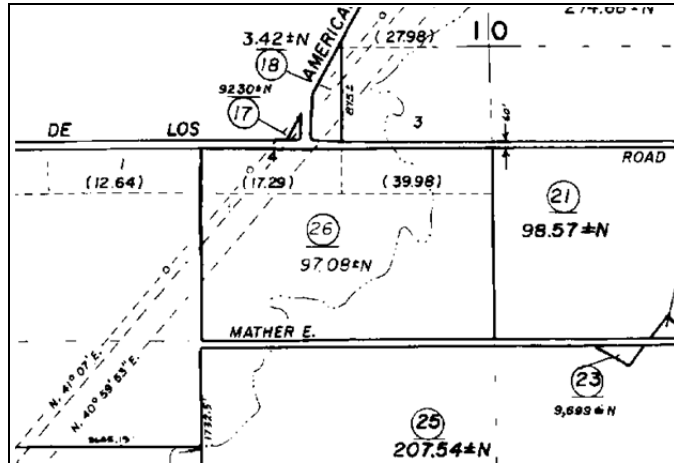
This comparable was a market sale that was sold by a Sacramento area investment firm to a land investment/development company. The property is planned for a variety of urban uses including 38 acres of medium density residential; 31 acres of business park; 7 acres of commercial mixed use; 7 acres of community/religious facility (which was noted to be available for rezone for up to 88 units); 6 acres of park land, 10.5 acres of roads and 20 acres of open space (undevelopable). The acreage above is based on Specific Plan documents, which is more accurate than Assessor acreage estimates. The property had a wetland delineation that was approved by the Army Corps of Engineers. A draft environmental impact study (EIS) and wetland permits had been submitted and were being processed. The property is noted to have minor wetlands (which are located along the southern property boundary).

COMPARABLE 10

Property Identification

North and south sides of Douglas Road, east of Sunrise Boulevard
 Rancho Cordova, CA
 Sacramento County

APN: 067-0040-017, -018 & -026



Sale Data

Grantor	Comerica Bank
Grantee	Aman Lal
Sale Date	3/28/2013
Deed Book Page	130328-1537
Property Rights	Fee Simple
Conditions of Sale	REO/Market
Financing Terms	Cash Equivalent
Sale Price	\$1,150,000
Annual Bond Payments	\$0

Land Data

Land Area (Acres)	100.71
Zoning	Single-family and commercial
Shape	Irregular
Street Frontage	Douglas Road
Topography	Generally level
Off-Site Improvements	Paved access and utilities
On-Site Improvements	None

Indicators

Sale Price per Acre	\$11,419
Annual Bond Payments per Acre	\$0

Remarks

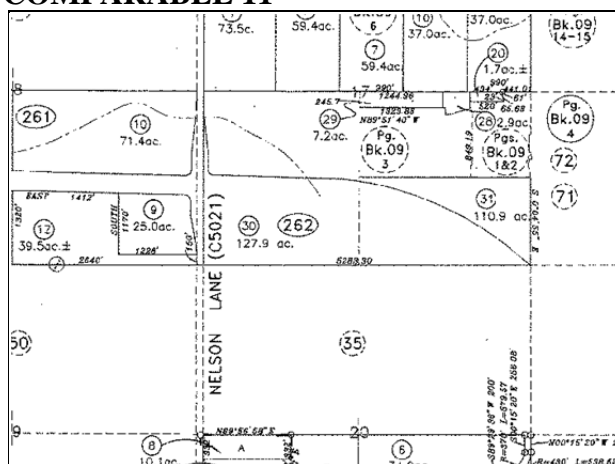
This comparable represents a March 2013 sale of 100.71 gross acres of entitled residential and commercial land in Rancho Cordova. The property is approved for 301 single-family lots and 19.5 acres of commercial development land. The site includes 43.81 acres of wetlands that are not developable; thus, the net acreage is 56.90, which includes all planned residential, commercial and park areas. Prior to sale, litigation had been resolved regarding this property and other property in the Specific Plan which concerned the validity of the Section 404 permit. The residential component of this property includes a range of high-density single-family lots, from 2,500 to 5,000 SF with cluster, alley-loaded and traditional lot types. The buyer has reportedly submitted a development plan to the City but has not yet commenced any site development.

COMPARABLE 11

Property Identification

Northeast corner of State Highway
65 Bypass and Nelson Lane
Lincoln (SOI)
Placer County, CA

APN: 021-262-035



Sale Data

Grantor	Carol Scheiber Trust
Grantee	John Arrillaga and Richard Peery Trust
Sale Date	1/23/2012
Deed Book Page	5766
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$1,675,000
Annual Bond Payments	\$0

Land Data

Land Area (Acres)	111.90
Zoning	SUD-B of Lincoln General Plan (approximately 70 acres) Other area Planned for Low Density Residential (approximately 42 acres)
Shape	Irregular
Street Frontage	Highway 65 and Nelson Lane
Topography	Generally level
Off-Site Improvements	All available
On-Site Improvements	None

Indicators

Sale Price per Acre	\$14,969
Annual Bond Payments per Acre	\$0

Remarks

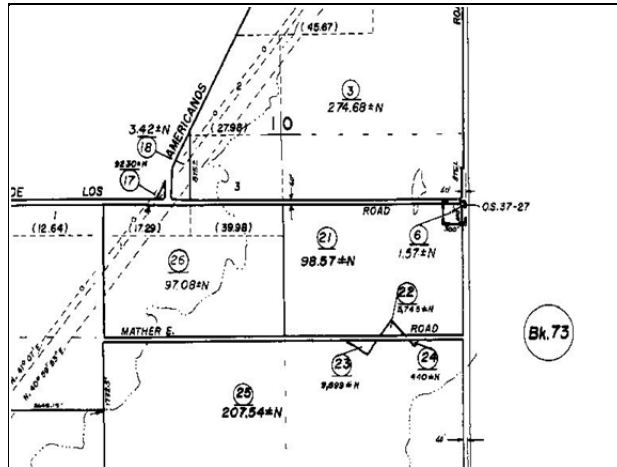
This comparable consists of approximately 70 acres located within the SUD-B area (at the northeast corner of State Highway 65 and Nelson Lane) and approximately 42 acres of planned low density residential land. The property is within the sphere of influence of Lincoln but is contiguous to the city limits. The eastern portion of the site was pre-approved for low density residential development prior to the recent General Plan Update, so it is not included in any future identified Specific Plan area. The property contains approximately four acres of wetlands at its southeastern corner, and two acres of wetlands on its western half. The western portion of the site, which is planned for commercial development, has dual frontage on Nelson Lane and Highway 65, which is a signalized intersection. The buyer acquired this property for investment. The property is being utilized for interim alfalfa farming.

COMPARABLE 12

Property Identification

Southwest corner of Douglas Road
and Grant Line Road
Rancho Cordova, CA
Sacramento County

APN: 067-0040-021



Sale Data

Grantor	BBC Rancho Cordova Land LLC
Grantee	Douglas Road 105 LLC
Sale Date	07/29/2011
Deed Book Page	110729-725
Property Rights	Fee Simple
Conditions of Sale	See Remarks
Financing Terms	Cash Equivalent
Sale Price	\$2,000,000
Annual Bond Payments	\$0

Land Data

Land Area (Acres)	105.10
Zoning	Various, See Remarks
Shape	Rectangular
Street Frontage	Douglas Road and Grant Line Road
Topography	Level to rolling
Off-Site Improvements	Paved access, electricity, telephone
On-Site Improvements	None

Indicators

Sale Price per Acre	\$19,029
Annual Bond Payments per Acre	\$0

Remarks

This comparable represents a short sale. The property is planned for 693 residential units (typical lot sizes ranging from 2,100 to 5,460 SF) and 12.1 acres of neighborhood parks. There are also 7.6 acres of planned open space, but this area is ordinary and not environmentally sensitive. Thus, the property is 100% developable. Assessor maps show this property contains 99.3 acres; however, the Sunridge Specific Plan, which includes more recent engineering analysis, reflects 105.1 acres.

Discussion of Adjustments

The comparable transactions are adjusted based on the profile of the subject property with regard to categories that affect market value. Adjustments may be categorized as either superior or inferior, with adjustments applied accordingly. If a comparable has an attribute considered superior to that of the subject, it is adjusted downward to negate the effect the item has on the price of the comparable. The opposite is true of categories considered inferior to the subject. The adjustments are made in consideration of paired sales, the appraiser's experience and knowledge and interviews with market participants. At a minimum, the appraiser considers the need to make adjustments for the following items:

- Expenditures after Sale (atypical carrying costs such as Special Taxes)
- Property rights conveyed
- Financing terms
- Conditions of sale (motivation)
- Market conditions (time)
- Location
- Physical features

A detailed analysis involving the adjustment factors is presented below.

Expenditures After Sale

For transitional land sales, this adjustment factor relates to unique carrying costs during the development timeline. In this analysis no adjustments are necessary for this factor.

Property Rights Conveyed

In transactions of real property, the rights being conveyed vary widely and have a significant impact on the sales price. As previously noted, the opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid

by the buyer for below-market financing terms or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. Most of the comparable sales were cash to the seller transactions and do not require adjustments. Comparables 3 and 4 involved seller financing which upwardly influenced the sale price. These comparables receive downward adjustments.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sales price actually paid compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered to be non-market and may include the following:

- a seller acting under duress,
- a lack of exposure to the open market,
- an inter-family or inter-business transaction for the sake of family or business interest,
- an unusual tax consideration,
- a premium paid for site assemblage,
- a sale at legal auction, or
- an eminent domain proceeding.

Comparables 2, 4 and 10 were REO transactions, and Comparables 3 and 12 were short sale transactions. While these sales involved seller motivation, given market conditions at the time of sale for each, the sale prices reflected market pricing. Comparable 5 sold above market due to buyer motivation. This comparable requires a downward adjustment. The remaining comparables had prices that reflected market pricing.

Market Conditions

Market conditions vary over time, but the date of this appraisal is for a specific point in time. In a dynamic economy – one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline – extra attention needs to be paid to assess changing market conditions. Significant monthly changes in price levels can occur in several areas of a city, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.

The sales represent a time period of late 2009 to early 2014. Market conditions for transitional land have improved since 2009. In late 2012 and early 2013 prices for near term residential land showed clear signs of recovery, which translated into improvement in transitional land pricing. However, by late 2013 and so far in 2014 the market has pulled back again on pricing.

Based on these comments, comparables that transacted in early 2012 and prior are adjusted upward. In contrast, comparables that sold in late 2012 and 2013 are adjusted downward.

Physical Characteristics

The physical characteristics of a property can impact the selling price. Those that may impact value include the following:

Location

Location adjustments are applied in consideration of income levels, home prices, and general community appeal. The comparables deemed to have inferior locations compared to the subject are adjusted upward, while those with superior locations are adjusted downward.

Entitlements

Entitlements for development are major hurdles to development in the current market, given growth limitations and the litigious nature of land development in California. Procurement and approval of an EIR and subsequent development agreement can often take several years, depending on the complexity of the project, location and sensitivity to surrounding land uses. Conversations with land developers, brokers and market participants, coupled with indications in the market, suggest there is a substantial enhancement to value of land when major entitlement obstacles are overcome, which may include an EIR, Financing Plan and development agreement. Benefits of the development agreement will often include an agreement for applicable permits and impact fees due for a proposed project. Properties with partially completed entitlements do not typically transfer in the market, since there entitlement approvals, once obtained, generally enhance value. In some instances—e.g. if development is not financially feasible or if a holding period is especially long—entitlement approvals may offer limited to no contributory value.

The entitlement status of the comparables is compared to the respective subject components and adjusted accordingly.

Land Area (Acres)

We analyze the subject and comparables on a gross acre basis. Generally, there is an inverse relationship between parcel size and price per acre, such that larger parcels tend to sell for a lower price per acre than smaller parcels, all else being equal. We've considered the gross acreages and applied adjustments to the comparables. The comparables that are significantly smaller in size

relative to the subject require downward adjustments; the comparables that are significantly larger require upward adjustments.

Developable Area

Developable area has a direct impact on value and thus is adjusted for when comparing the data set to the respective subject components.

Development Timeline

For speculative properties, the anticipated development timeline or holding period significantly affects the purchase price. Longer holding periods generally translate to lower prices per acre, while shorter holding periods contribute to higher prices per acre. Development timelines may hinge on remaining entitlements, necessary infrastructure and/or path of growth. The total development timeline for the subject is expected to span a longer period than the comparables. This relates to the subject's location, further than most emerging areas in the County, and the amount of inventory proposed. The estimated development timeline of the comparables is compared to the respective subject components and adjusted accordingly.

Zoning

DRAFT

Typically the first land use to develop in an emerging area is the residential components. Commercial and employment land uses are dependent on the completion of the homes in the project to create the demand for the commercial uses. We have adjusted the comparables when compared to the subject based on land use composition.

Adjustment Grids

The grids on the following pages reflect the afore-discussed adjustments.

ADJUSTMENT GRID – NORTH OF JACKSON HIGHWAY

Elements of Comparison:	N/O Jackson	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Price per Acre (Unadjusted)		\$69,607	\$39,422	\$62,377	\$22,371	\$27,500	\$13,294
Expenditures After Sale Adjustment	None	Similar	Similar	Similar	Similar	Similar	Similar
Property Rights Adjustment	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing Terms Adjustment	Cash Equiv.	Similar	Similar	Seller-Financed (Downward)	Seller Financing (Downward)	Similar	Similar
Conditions of Sale Adjustment	Market	Market	REO/Market	Short Sale/Market	REO / Market	Above Market (Downward)	Market
Market Conditions Adjustment	Sep-14	May-13 (Downward)	Mar-13 (Downward)	Oct-12 (Downward)	Apr-11 (Upward)	Aug-10 (Upward)	Dec-09 (Upward)
Physical Characteristics:							
Location Adjustment	Rancho Murieta	Folsom (Downward)	Folsom (Downward)	Folsom (Downward)	West Sacramento	Roseville (SOI) (Downward)	Rancho Cordova (SI, Downward)
Entitlements Adjustment	Partial	Partial	Partial	Partial	SP Approved	Annex. in Process (Upward)	None/Proposed (Upward)
Land Area (Gross Acres) Adjustment	734.85	430.99	681.48	961.90	371.68	400.00	485.31
Developable Area Adjustment	66% Appraiser's Est.	75.0%	55% (Upward)	72.5%	84%	75% (est.)	75% (est.)
Development Timeline Adjustment	3 to 10 years	3 to 5 years (Downward)	3 to 5 years (Downward)	3 to 5 years (Downward)	5 to 10 years (Upward)	5 to 10 years (Upward)	5 to 10 years (Upward)
Zoning Adjustment	Various Densities of Res.	Prim. Res. w/lim. Com	Residential	Prim. Res. w/lim. Com	SFR w/ lim. Com	Residential	Mixed Use
Net Adjustment		Downward	Downward	Downward	Upward	Downward	Upward
Adjusted Price per Acre		< \$69,607	< \$39,422	< \$62,377	> \$22,371	< \$27,500	> \$13,294

ADJUSTMENT GRID – SOUTH OF JACKSON HIGHWAY

Elements of Comparison:	S/O Jackson	Comparable 7	Comparable 8	Comparable 9	Comparable 10	Comparable 11	Comparable 12
Price per Acre (Unadjusted)		\$43,560	\$31,479	\$28,574	\$11,419	\$14,969	\$19,029
Expenditures After Sale Adjustment	None	Similar	Similar	Similar	Similar	Similar	Similar
Property Rights Adjustment	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing Terms Adjustment	Cash Equiv.	Similar	Similar	Similar	Similar	Similar	Similar
Conditions of Sale Adjustment	Market	Market	Market	Market	REO/Market	Market	Short Sale/Market
Market Conditions Adjustment	Sep- 14	Early 2014	Dec- 13 (Downward)	May- 13 (Downward)	Mar- 13 (Downward)	Jan- 12 (Upward)	Jul- 11 (Upward)
Physical Characteristics:							
Location Adjustment	Rancho Murietta	Roseville (Downward)	Sacramento	Roseville (Downward)	Rancho Cordova (Downward)	Lincoln (SOI) (Downward)	Rancho Cordova (Downward)
Entitlements Adjustment	Approved/Substantial	Approved	Approved	Approved	Approved	1/3 Yes, 2/3 No (Upward)	Approved
Land Area (Gross Acres) Adjustment	92.95	94.50	146.13	119.20	100.71	111.90	105.10
Developable Area Adjustment	100%	100%	80% (Sl. Upward)	85% (Sl. Upward)	56% (Upward)	95.0%	95.0%
Development Timeline Adjustment	1 to 10 years	5 to 10 years (Upward)	3 to 5 years (Downward)	5 to 10 years (Upward)	5 to 10 years (Upward)	5 to 10 years (Upward)	5 to 10 years (Upward)
Zoning Adjustment	Commercial & Res.	Commercial (Upward)	SFR (Upward)	50% Res/50% Com (Upward)	75% Res/35% Com	35% Res/75% Com	MDR and HDR (Upward)
Net Adjustment	Similar	Sl. Upward	Sl. Upward	Upward	Upward	Upward	Upward
Adjusted Price per Acre	≈ \$43,560	> \$31,479	> \$28,574	> \$11,419	> \$14,969	> \$19,029	

Conclusion

A summary of the comparables unadjusted ranges per gross acre, as well as the net adjustments is summarized in the following table. In addition, the table shows where the subject component fits in with the comparables analyzed and our conclusions of market value per acre.

SUMMARY OF ADJUSTMENTS

Comparable #	Sale Date	\$/Acre (Unadjusted)	Net Adjustment
1	May-13	\$69,607	Downward
3	Oct-12	\$62,377	Downward
2	Mar-13	\$39,422	Downward
5	Aug-10	\$27,500	Downward
Subject: North of Jackson Land @ \$25,000/Acre			
4	Apr-11	\$22,371	Upward
6	Dec-09	\$13,294	Upward
7	Early 2014	\$43,560	Similar
Subject: South of Jackson Land @ \$40,000/Acre			
8	Dec-13	\$31,479	Upward
9	May-13	\$28,574	Upward
12	Jul-11	\$19,029	Upward
11	Jan-12	\$14,969	Upward
10	Mar-13	\$11,419	Upward

The wide disparity in the unadjusted range is attributable to the unique characteristics of each comparable. Based on the analysis of the comparables relative to the subject, we have concluded market values of \$25,000/acre for the north of Jackson Highway component and \$40,000/acre for the south of Jackson Highway component.

The market value of the subject property, in bulk, subject to the hypothetical condition the improvements to be financed by the Rancho Murieta Community Services District CFD No. 2014-1 (Rancho North/Murieta Gardens) Bonds are in place is estimated as follows:

Component	Gross Acres	Value per Acre	Extension	(Rd.)
North of Jackson Highway	734.85	\$25,000	\$18,371,250	\$18,370,000
South of Jackson Highway	92.95	\$40,000	\$3,718,000	\$3,720,000
Total Market Value	827.8			\$22,090,000

CONCLUSION OF VALUE

As a result of our analysis, it is our opinion the market value of the subject property, subject to the hypothetical condition the improvements to be financed by the Rancho Murieta Community Services District CFD No. 2014-1 (Rancho North/Murieta Gardens) Bonds are in place, as of September 3, 2014 and in accordance with the extraordinary assumptions, general assumptions and limiting conditions on pages 6 through 8 of this report, is...

TWENTY TWO MILLION NINETY THOUSAND DOLLARS

\$22,090,000

DRAFT

MEMORANDUM

Date: October 7, 2014
To: Board of Directors
From: Improvements Committee Staff
Subject: Consider Approving Payment of Invoices for Hole 13 Culvert Crossing Project

RECOMMENDED ACTION

Approve \$1,999.73 invoice from Rancho Murieta Country Club for purchase of sod, removal of existing sod and laying of sod for the 13 North Culvert Crossing Project. Funding to come from Drainage Reserves, CIP No. 13-01-2.

Approve \$9,435.00 invoice from Carrillo Enterprises for drain pipe replacement, concrete headwall repairs for the 13 North Culvert Crossing Project. Funding to come from Drainage Reserves, CIP No. 13-01-2.

Approve \$5,950 invoice from JB Bostick for asphalt patching for 13 North Culvert Crossing Project. Funding to come from Drainage Reserves, CIP No. 13-01-2.

BACKGROUND

The invoice from Rancho Murieta Country Club (RMCC) was for new sod and labor for removal and replacement of sod before and after construction. The invoice from Carrillo Enterprises is for backhoe services. The invoice from JB Bostick is for replacement of the cart path section that was removed during the project. The road repair and asphalt patch invoices have already been paid. All work has been completed.

The project replaced two (2) corrugated metal pipe (cmp) pipes that served as the drainage culvert across Hole #13 on the North Golf Course with soil-tight ADS N12 High-density-polyethylene (HDPE) pipes was completed this past July. This will extend the life of the culvert for another 40 years.

The proposal from Groeniger & Company for the pipe was approved in August 2013 in an amount of \$18,921.60. Total outside cost for the project totaled \$36,306.33.



Photo of entrance to existing Hole 13 North culvert pipes before and after repair.

PHONE (916) 773-6067
FAX (916) 773-6070
CA STATE LICENSE #669487
TAX ID #94-3305812



INVOICE

BOSTICK COMPANY ASPHALT PAVING CONTRACTORS

2175 P.F.E. ROAD, SUITE C • ROSEVILLE, CA 95747

SOLD TO RANCHO MURIETA CSD
P.O. BOX 1050
RANCHO MURIETA, CA 95683

DATE 8/1/2014
JOB NO. VARIOUS PO
SALESMAN TB

JOB LOCATION
RMCSO
VARIOUS PO

TERMS
UPON COMPLETION

PO#: C20234 ✓ 6433 VIA DEL CERRITO DR. ROAD REPAIR	1,750.00 ✓
PO#: C20287 ✓ ASPHALT PATCHING FOR HOLE 13 CART PATH	5,950.00 ✓
PO#: C20286 ✓ 6406 RIO BLANCO ASPHALT PATCH; 6425 RIO BLANCO; 15062 ROBLES GRANDES	3,150.00 ✓

PAID
AUG 15 2014

BY: _____

TOTAL DUE: \$10,850.00

IMPORTANT: Please note that this invoice not only incorporates J.B. Bostick Company's standard terms and conditions but the parties agree that the terms and conditions contained herein are separately enforceable as a binding contract. In accordance with the standard terms and conditions, the parties agree that a late charge of 18% per annum will be assessed to all past due, unpaid amounts including retention held. The parties also agree to pay J.B. Bostick Company all of its attorney's fees and costs incurred to enforce the terms of this invoice. J.B. Bostick Company is a CA corporation.

August 13, 2014

Paul Siebensohn
c/o RMCCSD
15160 Jackson Road
Rancho Murieta, California 95683

RE: INVOICE FOR THE 13 NORTH CULVERT CROSSING

Paul:

The following is an itemized list of reimbursable dollars spent by RMCC for the culvert crossing on 13 north course:

- Labor:
 - Remove existing sod to be saved in the fairway \$ 312.00
 - Lay fairway sod that was previously removed \$ 253.00
 - Lay sod on each end of excavation 2520 sq. ft. \$ 175.00
 - **TOTAL LABOR** \$ **740.00**

- Purchase sod—2,520 square feet..... \$1,259.73

- **TOTAL REIMBURSEMENT: \$1,999.73**

If you have any questions, please call me at 916-869-3560

Regards,
RANCHO MURIETA COUNTRY CLUB

Rich Scholes
Director of Agronomy

RS/csr

Rancho Murieta Country Club



REMIT TO:
WEST COAST TURF
 P.O. Box 4563
 Palm Desert, CA 92261
 (800) 447-1840
 www.westcoastturf.com

invoice

California Contractor License #688087
 Nevada Contractor License #48299
 Arizona Contractor License #ROC110478

RANC125

SOLD TO:
 RANCHO MURIETA COUNTRY CLUB
 7000 ALAMEDA DRIVE
 RANCHO MURIETA CA 95683

SHIP TO:
 RANCHO MURIETA COUNTRY CLUB
 RICH
 7000 ALAMEDA DR

RANCHO MURIETA CA 95683

PHONE: (916) 354-3400 Ext. 0000

PHONE: (916) 869-3560 Ext. 0000
 (000) 000-0000 Ext. 0000

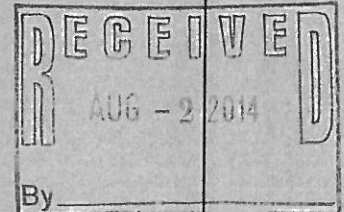
DIRECTIONS:

INVOICE NO.
INV569770

Authorization Code:
 Amount Received: **\$0.00**

DRIVER JOEL	JOB # RANCHO MURIETTA	PO #	TERMS Net 30	DELIVERY DATE 7/28/2014	INVOICE DATE 7/28/2014
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FIELD	ITEM #	QTY. SHIPPED	DESCRIPTION	PRICE	EXTENSION
WR10B	BANDERA	2,520.00 SQ	BANDERA SOD	\$0.450	\$1,134.00
STEDEL	1049	1 EA	HANDLING FEE - CA/NV COMMON CARRIER <i>for 13 North Eastwest crossing will be reimbursed by CSO</i>	\$35.000	\$35.00



Vendor code: _____
 Terms: _____
 G/L # _____
 Amount _____
 Dept. Head Approval: Riebo
 Approved: _____

CALIFORNIA NURSERY STOCK CERTIFICATE
 FOR INTERSTATE AND INTRASTATE SHIPMENTS
 No. 09279
 This plant material or nursery or premises from which this
 shipment has been inspected and found free from
 especially injurious plant pests and disease symptoms.
 THIS SHIPMENT NEED NOT BE HELD
 FOR INSPECTION IN CALIFORNIA
 Issued by: Riverside County Agriculture Commissioner
 and
 Department of Agriculture, Sacramento 95844
 Inspector #48299 Bond Limit \$750,000

888-893-TURF (8873)

WEST COAST TURF ("WCT") is not responsible for installation, labor, standby time pending delivery, or damage to the product after delivery. This sale is made on an "as is basis" without warranties, express or implied. Purchaser is solely responsible for all installation and maintenance requirements. WCT will attempt to place sod where designated at job site, but it will have no responsibility for damage to the product after delivery. WCT's liability with respect to claims of any kind for all losses or damages arising out of, and/or related to goods sold or services provided under this order, or any amendment thereto, shall in no case exceed the price paid to WCT for the goods or services giving rise to such claims. In no event shall WCT be liable for special, incidental, consequential, or exemplary damages, and Purchaser will indemnify WCT against any such claims. This transaction, and any disputes arising out of relating to it will be governed by the laws of the State of California. In the event any dispute arises out of and/or relates to the goods or services provided under this order, venue shall be the Superior Court of Riverside County, State of California, Indio Branch.

SALE AMOUNT	\$1,169.00
SALES TAX	\$90.73
TOTAL	\$1,259.73

RECEIVED BY: _____
 DELIVERED BY: _____

RECEIVED
RANCHO MURIETA
COMM. SERV. DIST

Carrillo Enterprises

19100 Forest Home Rd.
Plymouth, Ca. 95669
(209) 245-3665

2017 A 7 30

Rancho Murieta C.S.D.
15160 Jackson Rd.
Rancho Murieta, Ca. 95683

Attn: Ron Greenfield
Dave Herrmann

work done
[Signature]

PAID
SEP 26 2014

Job: Drain Pipe Replacement
Concrete Headwall repairs
13th Fairway North course
Rancho Murieta, Ca.

BY: _____

Tracking No. 0707-0731/0806-0808

INVOICE: 08171401

P.O. No.C20230

Page 1 of 1

DESCRIPTION: Equipment required to excavate for replacement of culvert drain pipes. Equipment, materials and labor required to repair headwalls affected on project.

EQUIP	RATE	(X)	HOUR(S)/QUANTITY	(=) AMOUNT
BKH	90.00 PER HR		80.0 HRS	7200.00
UPPER/LOWER HEADWALL REPAIRS				
BKH	90.00 PER HR		4.0 HRS	360.00
LBR	75.00 PER HR		17.0 HRS	1275.00
CONCRETE (BUGGY PORTABLE)	200.00 PER YRD		3.0 YRDS	600.00

DISCOUNT DUE DATE 9/19/14 TOTAL AMOUNT DUE \$ 9,435.00

DISCOUNT AMOUNT \$ 188.70

*** PLEASE PAY FROM THIS INVOICE. NO STATEMENT WILL BE ISSUED ***
2% Discount can only apply if paid on or before DISCOUNT DUE DATE and TOTAL AMOUNT DUE is paid in full less discount amount.

TERMS: Net 25th. Past due thereafter unless otherwise specified on invoice. A Finance Charge of 1 ½ % Per Month, which is an Annual Percentage Rate of 18%, will be assessing on all accounts past due. In the event any invoice(s) is not paid when due, the person or company to whom the equipment, product and/or services were furnished, agrees to pay all costs and /or collection fees and attorney fees.

MEMORANDUM

Date: October 7, 2014
To: Board of Directors
From: Joseph Blake, General Manager
Subject: Consider Approving Ranch Murieta North Security Gate Project Cooperation and Funding Agreement

RECOMMENDED ACTION

Approve Rancho Murieta North Security Gate Project Cooperation and Funding Agreement, in an amount not to exceed \$65,000 towards the costs of the North Gate Security Project.

BACKGROUND

Rancho Murieta Association (RMA) owns the north security/guard station at Rancho Murieta (the “**North Gate**”) and related real property. RMA is redesigning and reconstructing the North Gate and making related improvements (the “**Project**”). RMA recently solicited bids for the construction of the Project and approved a construction contract with Diede Construction, Inc. in the amount of \$1,374,000.

Rancho Murieta Community Services District (District) Security Department staffs the North Gate with Security Gate Officers and is responsible for the North Gate backup generator and conduit. The Project scope of work includes the replacement of the backup generator and conduit. The price for this work under the Diede-Association contract is \$65,000.

RANCHO MURIETA NORTH SECURITY GATE IMPROVEMENT PROJECT COOPERATION AND FUNDING AGREEMENT

This Agreement is made this _____, 2014, by and between Rancho Murieta Association, a California nonprofit corporation (“Association”), and Rancho Murieta Community Services District, a local government agency (“District”), who agree as follows:

1. Recitals. This Agreement is made with reference to the following background recitals:

1.1. Association owns the north security/guard station at Rancho Murieta (the “**North Gate**”) and related real property. Association is redesigning and reconstructing the North Gate and making related improvements (the “**Project**”). Association recently solicited bids for the construction of the Project and approved a construction contract with Diede Construction, Inc. in the amount of \$1,374,000.

1.2. District staffs the North Gate with District security guard employees and it is responsible for the North Gate backup generator and conduit. The Project scope of work includes the replacement of the backup generator and conduit (the “**District Portion**”). The price for this work under the Diede-Association contract is \$65,000.

1.3. Association agrees to proceed with the construction of the Project, and District agrees to fund the District Portion of the Project work, on and subject to the terms of this Agreement.

2. Construction Work by Association. Association, at its sole cost and expense (except for the District cost share funding provided below), agrees to construct and install the Project through its contract with Diede Construction, furnish all necessary materials, and, where necessary, pay the cost of acquiring land or rights-of-way necessary for the construction and installation of the work. The Project work will include the District Portion. Construction will be in accordance with the approved plans, specifications and drawings and County building permit requirements. During the course of construction, Association periodically will update District regarding the status, progress and costs of the Project construction work. Upon request by District, the parties will meet to review the status, progress and costs of the work.

3. Record Keeping. Association will keep and maintain accurate accounting and bookkeeping records relating to the Project construction work, invoices from and payments to Diede Construction, and the calculation of invoices to District under section 4. District and its employees, accountants, attorneys and agents, may review, inspect, copy and audit these records, including all source documents.

4. Cost Sharing by District. District agrees to pay \$65,000 toward the costs of the Project work. On a quarterly basis during the course of Project construction, Association will invoice District for the District Portion of the Project costs that Association reasonably estimates will be needed to be paid during the next quarter. District will pay the invoice within 15 days of its receipt. However, if District objects to any invoice, the parties will meet to review the objection and attempt to resolve any District concerns, in which case payment will be due within five days after the meeting (which may be paid under protest) or as otherwise agreed at the meeting. District’s payment obligation will not exceed

\$65,000, except as provided in section 5. Association will use the funding from District solely to pay the District Portion of Project costs.

5. Changes; Cost Overruns. Association will not make any changes to the District Portion of the Project (other than minor construction field directives that will have no effect on the Project cost) without District's consent in writing, which consent will not be unreasonably withheld. If for any reason the District Portion of the Association-Diede contract exceeds \$65,000, the parties will meet and confer about how to pay the cost overrun. District will have no liability for costs exceeding \$65,000 unless later approved by District in writing. If the costs of the District Portion of the Association-Diede contract exceed \$65,000 for a reason beyond the reasonable control of Association, then District will not unreasonably withhold its approval of paying District's fair share of the cost overrun.

6. Time for Performance; Termination. Association will commence construction work within six months from the date of this Agreement, and will complete construction of the work within two years from the date of commencement. Upon a showing of good cause by Association, District may extend these deadlines in writing. If construction of the work has not been completed within these deadlines, and any extensions, then District may terminate this Agreement at any time thereafter by giving written notice of termination to Association. Association may terminate this Agreement at any time prior to commencement of construction by giving written notice to District.

7. Indemnification. Association bears all risk of loss, injury, damage or destruction concerning the Project construction work. Association will indemnify, protect, defend, and hold harmless District and its officers, employees, and agents, from any and all claims, demands or charges and from any loss or liability, including all costs, expenses, attorney's fees, litigation costs, penalties, and other fees arising out of or in any way connected with performance or failure to perform under this Agreement by Association or its officers, employees, contractors, subcontractors or agents, except such loss or damage that was caused by the sole negligence or willful misconduct of District.

8. General Provisions.

8.1. Entire Agreement. The parties intend this writing to be the sole, final, complete, exclusive and integrated expression and statement of the terms of their contract concerning the subject matter addressed in the Agreement. This Agreement supersedes all prior oral or written negotiations, representations, contracts or other documents that may be related to the subject matter of this Agreement, except those other documents that may be expressly referenced in this Agreement.

8.2. Construction and Interpretation. The parties agree and acknowledge that this Agreement has been arrived at through negotiation, and that each party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party will not apply in construing or interpreting this Agreement.

8.3. Waiver. The waiver at any time by any party of its rights with respect to a default or other matter arising in connection with this Agreement will not be deemed a waiver with respect to any subsequent default or matter.

8.4. Severability. If any part of this Agreement is held to be void, invalid, illegal or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, so long as the rights and obligations of the parties are not materially and adversely affected.

8.5. Amendment. This Agreement may be modified or amended only by a subsequent written agreement approved and executed by both parties. Amendment by District requires approval by its Board of Directors at a noticed public meeting.

8.6. Governing Law and Venue. Except as otherwise required by law, this Agreement will be interpreted, governed by, and construed under the laws of the State of California. The County of Sacramento will be venue for any state court litigation and the Eastern District of California will be venue for any federal court litigation concerning the enforcement or construction of this Agreement.

8.7. Notices. Any notice, demand, invoice or other communication required or permitted to be given under this Agreement must be in writing and delivered either (a) in person, (b) by prepaid, first class U.S. mail, (c) by facsimile transmission with delivery to the other party confirmed by a successful-delivery confirmation receipt if the document also is sent within two days by prepaid, first class U.S. mail, or (d) by a nationally-recognized commercial overnight courier service that guarantees next day delivery and provides a receipt. Such notices, etc. will be addressed as follows:

District: General Manager Rancho Murieta Community Services District 15160 Jackson Road P.O. Box 1050 Rancho Murieta, CA 95683	Association: General Manager Rancho Murieta Association 7191 Murieta Parkway Rancho Murieta, CA 95683
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Notice given as above will be deemed given (a) when delivered in person, (b) three days after deposited in prepaid, first class U.S. mail, (c) upon receipt of the facsimile machine successful-delivery confirmation, or (d) on the date of delivery as shown on the overnight courier service receipt. Any party may change its contact information by notifying the other party of the change in the manner provided above.

RANCHO MURIETA COMMUNITY
SERVICES DISTRICT

RANCHO MURIETA ASSOCIATION

By: _____
Joseph Blake
General Manager

By: _____
Greg Vorster
General Manager

MEMORANDUM

Date: October 9, 2014
To: Board of Directors
From: Security Committee Staff
Subject: Consider Approving Proposal from AllState Systems Integration, Inc.,
for Two (2) DSX Panels

RECOMMENDED ACTION

Approve the proposal from AllState Systems Integration, Inc. in an amount not to exceed \$14,720.32 for the purchase and installation of two (2) updated DSX panels - one at the new North Gate and one at the South Gate. Funding to come from Security Replacement Reserves.

BACKGROUND

The DSX panels communicate with the barcode readers, gate software, and gate operators to operate the gate operators. The present panels can operate a total of four (4) gate operators. Since the new North Gate will have six (6) gate operators, a panel that will operate six operators is required.

In addition, the present panels do not store barcode information in the event of a power failure. This requires the panels to reload all of the barcode numbers, which usually takes four (4) or more hours. Until the panels are reloaded, the barcodes cannot be read and the gate operators must be operated manually. The updated panels retain the information during a power failure. This will also require replacement of the panel at the South Gate.

A Request for Bid was sent out to three (3) vendors AllState Systems Integration, Inc.; Industrial Electronic Systems, Inc.; and Professional Lock & Safe. AllState System Integration, Inc. was the only vendor to submit a bid.

Security Committee recommends approval.



Systems Integration, Inc.

Providing Advanced Building Control and Security

Thursday, June 05, 2014

To: Greg Remson

Re: North and South Gate DSX add and Revisions

I. SCOPE OF WORK

Installation of the Access Control for upgrading both north and south gates and adds for north gate expansion

II. INCLUSIONS

1. Provide but not install all wire for between the Control panels and Readers
2. Provide and Install Panel Connect Cabling between all Control Panels and also between the Master Panels and the Current Lan modules
3. Connect cabling at new panels for correct operation
4. Work with gate and reader company to insure correct wiring is obtained
5. Work with RMA's software company to insure that system functions
6. Provide Training on new system

III. PROJECT EXCLUSIONS

1. Patch or Paint of any walls or ceiling grid due to installation of system
2. All door hardware and locking hardware
3. Any additional readers or inputs not listed on this quote
4. Any conduit or raceway needed to run wire required to install system
5. Any door modifications or door hardware
6. Any core drilling of floors or walls needed to install equipment.
7. Any x-ray of floors to locate post tension cables.
8. Any repair to landscape due to installation of underground conduit and/or cable.
9. Any delays due to an Act of God or by any person or business not employed by All State Systems Integration



Systems Integration, Inc.

Providing Advanced Building Control and Security

Thursday, June 05, 2014

IV. Equipment

DSX 1048pkgNV		1
DSX 1042pkgNV		1
DSX 1042		0
Composit Cable For Readers	4461050ASSI-S	5



Systems Integration, Inc.

Providing Advanced Building Control and Security

Thursday, June 05, 2014

V. Pricing

1. Parts	\$ 9,199.33
2. Labor	\$ 4739.05
3. Tax	\$ 781.94
4. Total	\$ 14,720.32

VI. GENERAL TERMS

1. ACCEPTANCE/CONTRACT

- a. This proposal is submitted for acceptance within thirty (30) days.
- b. Upon acceptance by All State Systems Integration, Inc. at its Corporate Offices located in Wilton, California the purchase contract becomes a binding contract between the Customer and All State Systems Integration, Inc. for the purchase and sale of the equipment described on the above quotation and purchase agreement. All State Systems Integration, Inc.'s acceptance of this order is limited to and conditioned upon the Customer's assent to the terms and conditions listed within this document. Customer's execution of the contract and/or acceptance of delivery of any part of the materials listed in this document shall constitute the Customer's acceptance of the terms and conditions set forth with in this document. The exclusions of any terms and or conditions otherwise stated by the Customer, or contained in the Customers purchase documents, or correspondences which conflict with or limit the terms and conditions fixed with in this document.

2. Prices

- a. Quoted prices are subject to change by All State Systems Integration, Inc. prior to All State Systems Integration, Inc. acceptance of the order.
- b. Quoted prices after All State Systems Integration, Inc. are subject to change by All State Systems Integration, Inc. for ordered equipment remaining with All State Systems Integration, Inc. and not delivered with (60) days following placement of the order by the Customer.
- c. Customer agrees to pay any and all taxes resulting from the contract
- d. Taxes will be computer and billed to the Customer at time of ordering the equipment or services.

3. Terms of Payment



Systems Integration, Inc.

Providing Advanced Building Control and Security

Thursday, June 05, 2014

-
- a. Unless otherwise stated, payment in full is due to All State Systems Integration, Inc. upon providing the labor to install equipment.
 - b. All State Systems Integration, Inc .requires payment in full prior to shipment of the equipment. If customer fails to pay the full amount thirty days after delivery, there shall be a service charge thereon at the rate of 1.5% per month but will not exceed the amount permitted by law.
 - c. All State Systems Integration may terminate the contract and reclaim or repossess the equipment and /or pursue all other remedies available under the law.
 - d. All State Systems Integration will be entitled to reimbursement by the Customer of all costs, expenses and attorney's fees incurred with or without suit in connection with the collection of any overdue payments or otherwise in exercising any of its remedies.
 - e. Customer agrees to allow All State Systems Integration to enter the Customers site or premises upon 48 hours written notice for the sole purpose of reprocessing the equipment in the event of any default of this agreement.
 - f. Labor will be invoiced monthly on a percentage of completion basis with no hold backs. The Customer agrees to accept, process, and pay these monthly Invoices in accordance with the above terms of payment.
 - g. Customer will agree to pay All State Systems Integration for any material delivered to and or held by All State Systems Integration upon delivery of items to All State Systems Integration. Customer has the right to inspect any and all items at their discretion to verify materials.

4. SECURITY INTEREST

- a. All State Systems Integration reserves a purchase money security interest in the equipment in the amount of the purchase price of the equipment. This interest will be released upon payment of the purchase price in full. The Customer agrees to execute and agree with any and all documents required to perfect this agreement.



Systems Integration, Inc.

Providing Advanced Building Control and Security

Thursday, June 05, 2014

5. Installation

- a. Customer will prepare the installation site according to All State Systems Integration's instructions and work with All State Systems Integration in the installation of the equipment.
- b. Customer agrees to provide full and free access to the site for the duration of the installation.
- c. All work by All State Systems Integration will be executed during All State Systems Integration during but not limited to their normal business hours
- d. Any delays due to other trades or by the Customer may, at All State Systems discretion, result in additional charges.
- e. Any AC primary power required for the operation and service of equipment shall be the responsibility of the Customer
- f. Raceways or Conduit are not included, material, installation or removal unless specifically included as a line item in this contract.
- g. All State Systems Integration will at its own Discretion use care in removing old trade equipment to help prevent unnecessary damage. Any patching, painting or other repairs to the site as a result in the removal of this equipment shall become the Customers Responsibility.
- h. All State Systems Integration will attempt to reuse any existing wiring only if requested by the Customer in writing. However if the wire is found unusable by All State Systems Integration, the Customer agrees to have it replaced immediately.

6. Warranty

- a. All State Systems Integration warranties all provided equipment and remain free from defects in workmanship for the warranty period of 360 days from the time of install by All State Systems Integration unless warranty is less from the manufacturer, then warranty will be the warranty that is provided from the manufacturer.
- b. If no warranty is listed out the warranty period will be 90 days from the time of installation by Allstate Systems Integration.
- c. All State Systems Integration will repair or replace any equipment having a defect, which was reported to or found by All State Systems Integration, during normal business hours with no cost to the Customer During the warranty period only



Systems Integration, Inc.

Providing Advanced Building Control and Security

Thursday, June 05, 2014

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- d. All State Systems Integration will not cover any equipment or installation damaged due of an Act Of God, i.e. Earthquake, flood, or abuse outside of All State Systems Integrations' control i.e. War, riot, abuse, or misuse. If work is preformed to repair such damage Customer agrees to pay for all charges for the service ticket including but not limited to travel, labor, and parts.

7. LIMITATION OF LIABILITY

- a. ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN, ARE WAIVED AND EXCLUDED. ALL STATE SYSTEMS INTEGRATION, INC. SHALL NOT BE LIABLE TO CUSTOMER FOR ANY DAMAGES BEYOND ALL STATE SYSTEMS INTERGRATION'S COST OF REPAIRING THE EQUIPMENT, AND IN NO EVENT SHALL ALL STATE SYSTEMS INTEGRATION BE LIABLE FOR ANY OTHER DIRECT DAMAGES OR FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND.
- b. PURCHASER will verify that building is not post tension and approve all core drill locations before work begins.
- c. CUSTOMER will verify that building is not post tension and approve all core drill locations before work begins.

8. Additional Work Outside of Contract

- a. Work that is requested that is not within the scope of this job will only be done with a written change order from an authorized agent.

VII. Acceptance

By: _____ Accepted: _____

Title: _____

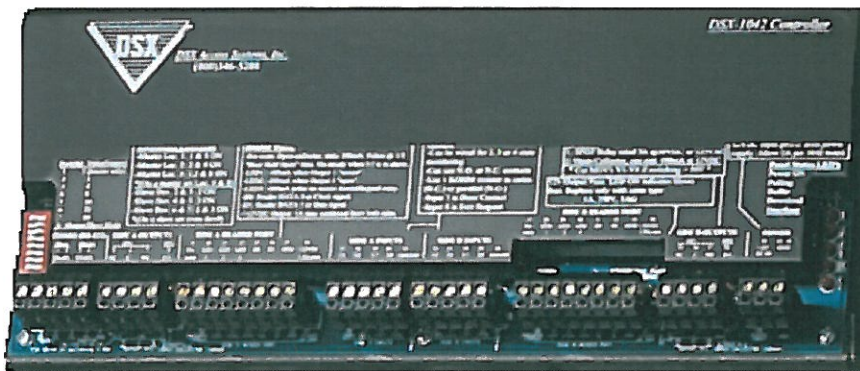
Date: _____



®

DSX Access Systems, Inc.

DSX-1042 Intelligent Controller



- Scalable Architecture 2 - 8 doors
- TCP/IP Communications
- Individual Intelligence
- 512K RAM / 512K Flash ROM
- UL 294 / UL 1076
- 240+ Card and Keypad Formats
- FIPS/TWIC Card Compatibility
- Real Time Processing and Communications
- Integrated Power Supply and Distribution

DSX-1042 Specifications

Processor

AM186 20Mhz

RAM/ROM Memory

Flash ROM 512K

Standard RAM 512K

Communication Ports

DSX-1042

RS-232 In 1 Master to PC

RS-232 Out 1 Panel to DSX-1040CDM

Power Requirements

DSX-1042 13.5 VDC @ 300ma from 1040CDM

Output Voltage

Panel outputs provide a regulated, fused, DC voltage.

DSX-1042 9-13.5VDC - 12VDC nominal - 1A Fused

All Outputs are Class II, Power Limited

Inputs

EOL Supervised 8

4 Inputs are used for standard point monitoring.

4 Inputs are used for door position and exit request monitoring.

All Inputs support two, three, and four state monitoring with five programmable circuit types.

Outputs

Form C Relays 2

Relay Output Ratings 5 AMP - 30VDC

Open Collector Outputs 2 - negative 100ma

LED Outputs 6 - 3 per reader port - negative 100ma

Pre-Alarm Outputs 2 - 1 per door - negative 100ma

Access Controlled Entry Points

Card Reader or Keypad 2 expandable to 8

Card and Reader Formats 240+ including PIV Cards

Any combination of card readers, keypads, or card and keypad controlled entry points may be used.

Size

DSX-1042 11" W x 4.5" H x 1.5" D

Weight

DSX-1042 1.2 lb.

Finish

Black Enamel with White Silkscreen.

Temperature

Operating 32 to 131 F

Storage -35 to 150 F

Humidity

Operating 0 to 95%, relative

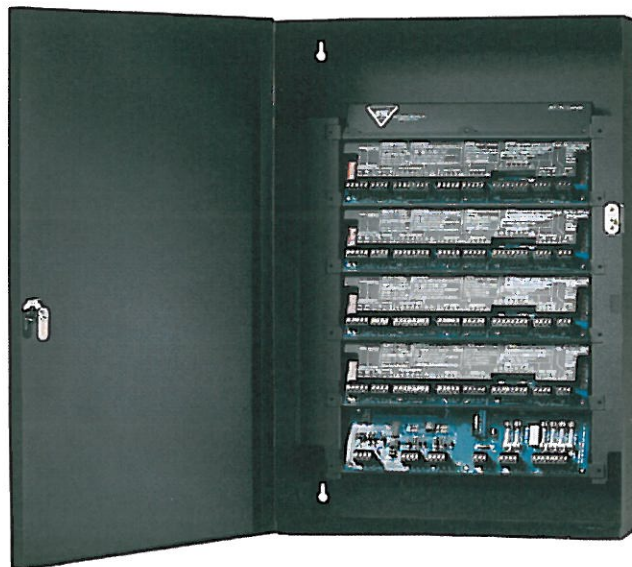
Warranty

Limited 2 Years



DSX Access Systems, Inc.

DSX-1048 Intelligent Controller



- Scalable Architecture 2-8 doors
- TCP/IP Communications
- Individual Intelligence
- 512K RAM / 512K Flash ROM
- UL 294 / UL 1076
- 240+ Card and Keypad Formats
- FIPS/TWIC Card Compatibility
- Real Time Processing and Communications
- Integrated Power Supply and Distribution

DSX-1048 Specifications

Processor

AM186 20Mhz

RAM/ROM Memory

Flash ROM 512K

Standard RAM 512K

Communication Ports

DSX-1042

RS-232 In 1 Master to PC

RS-232 Out 1 Panel to DSX-1040CDM
1040CDM

RS-232 In 1 Master to DSX-1040CDM

RS-232 Out 1 Slave Communications

RS-485 In 1 From previous DSX-1048 Package

RS-485 Out 1 To subsequent DSX-1048 Packages

Power Requirements

DSX-1042 13.5 VDC @ 300ma from 1040CDM

DSX-1040CDM 13.5 VDC @ 150ma from 1040PDP

Total Maximum Current 13.5 VDC @ 6.0A

Output Voltage

Panel outputs provide a regulated, fused, DC voltage.

DSX-1042 9-13.5VDC - 12VDC nominal - 1A Fused

DSX-1040CDM 9-13.5VDC - 12VDC nominal - 1.5A

Fused

DSX-1040CDM 5VDC - .5A Fused

All Outputs are Class II, Power Limited

Inputs

EOL Supervised 32

16 Inputs are used for standard point monitoring.

16 Inputs are used for door position and exit request monitoring.

All Inputs support two, three, and four state monitoring with five programmable circuit types.

Outputs

Form C Relays 8

Relay Output Ratings 5 AMP - 30VDC

Open Collector Outputs 8 - negative 100ma

LED Outputs 24 - 3 per reader port - negative 100ma

Pre-Alarm Outputs 8 - 1 per door - negative 100ma

Access Controlled Entry Points

Card Reader or Keypad 8

Card and Reader Formats 240+ including FIPS/TWIC

Any combination of card readers, keypads, or card and keypad controlled entry points may be used.

Equipment Size

DSX-1040CDM 11" W x 4.5" H x 1.5" D

DSX-1042 11" W x 4.5" H x 1.5" D

Equipment Weight

DSX-1040CDM 1.0 lb.

DSX-1042 1.2 lb. each

Enclosure Type

Nema Type 1 equivalent enclosure with lift-off hinged door, lock/key, and tamper switch.

Enclosure Size

DSX-1040E Cabinet 15.5" W x 22.5" H x 6" D

Enclosure Weight

DSX-1040E Cabinet 19.2 lb.

Finish

Black Powder Coat with White Silkscreen on Enclosure and Black Enamel on DSX-1042.

Conduit Knockouts

Concentric knockouts in Top, Bottom, and Sides.

Knockouts accommodate 1/2, 3/4, 1, 1 3/4 inch conduit.

Temperature

Operating 32 to 131 F

Storage -35 to 150 F

Humidity

Operating 0 to 95%, relative

Warranty

Limited 2 Years

MEMORANDUM

Date: October 7, 2014
To: Board of Directors
From: Joseph Blake, General Manager
Subject: Consider Adoption of Resolution 2014-27 CalPERS Medical Contribution for Unrepresented Public Employee Medical and Hospital Care Act

RECOMMENDED ACTION

Adopt Resolution 2014-27 amending the fixed employer's contribution for unrepresented Public Employees' Medical and Hospital Care Act.

BACKGROUND

As a routine formality, CalPERS requires the District to adopt a resolution annually updating the amounts paid by the District towards unrepresented employee's medical coverage. The resolution language is the same every year with the exception of the cost of the lowest plan provided by CalPERS.

RESOLUTION 2014-27

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE RANCHO MURIETA COMMUNITY SERVICES DISTRICT
AMENDING FIXED EMPLOYER'S CONTRIBUTION FOR UNREPRESENTED
PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT**

WHEREAS, the Board of Directors of Rancho Murieta Community Services District has heretofore adopted Resolution No. 84-9 establishing a Fixed Employer's Contribution for Public Employee's Medical and Hospital Care Act; and

WHEREAS, Government Code Section 22892(a) provides that a local agency contracting under the Public Employee's Medical and Hospital Care Act shall fix the amount of the employer's contribution at an amount not less than the amount required under Section 22892(b)(1) of the Act; and

WHEREAS, Rancho Murieta Community Services District is a local agency contracting under the Act; and

WHEREAS, Rancho Murieta Community Services District has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefit set forth above; and

NOW, THEREFORE, the Board of Directors of Rancho Murieta Community Services District resolves that the section of Resolution 2012-01, describing the Employer's Contribution, shall be amended to read as follows:

- A. The employer's contribution for unrepresented employees (Group 002) or annuitants shall be the amount necessary to pay the full costs of his/her enrollment, including the enrollment of his/her family member(s), based on Kaiser (CA) – Sacramento region basic/supplemental, plus administrative fees and Contingency Reserve Fund assessments. The change is effective January 1, 2015 and is reviewed periodically by the Board.

PASSED AND ADOPTED by the Board of Directors of the Rancho Murieta Community Services District at their regular meeting held on this 15th day of October, 2014 by the following roll call vote:

Ayes:

Noes:

Absent:

Abstain:

Gerald Pasek, President of the Board
Rancho Murieta Community Services District

[seal]

Attest:

Suzanne Lindenfeld, District Secretary

MEMORANDUM

Date: October 7, 2014
To: Board of Directors
From: Joseph Blake, General Manager
Subject: Consider Adoption of Resolution 2014-28 CalPERS Medical Contribution for Represented Public Employee Medical and Hospital Care Act

RECOMMENDED ACTION

Adopt Resolution 2014-28 amending the fixed employer's contribution for represented Public Employees' Medical and Hospital Care Act.

BACKGROUND

As a routine formality, CalPERS requires the District to adopt a resolution annually updating the amounts paid by the District towards represented employee's medical coverage. The resolution language is the same every year with the exception of the cost of the lowest plan provided by CalPERS.

RESOLUTION 2014-28

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE RANCHO MURIETA COMMUNITY SERVICES DISTRICT
AMENDING FIXED EMPLOYER'S CONTRIBUTION FOR REPRESENTED
PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT**

WHEREAS, the Board of Directors of Rancho Murieta Community Services District has heretofore adopted Resolution No. 84-9 establishing a Fixed Employer's Contribution for Public Employee's Medical and Hospital Care Act; and

WHEREAS, Government Code Section 22892(a) provides that a local agency contracting under the Public Employee's Medical and Hospital Care Act shall fix the amount of the employer's contribution at an amount not less than the amount required under Section 22892(b)(1) of the Act;

WHEREAS, Rancho Murieta Community Services District is a local agency contracting under the Act; and

WHEREAS, Rancho Murieta Community Services District has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefit set forth above; and

NOW, THEREFORE, the Board of Directors of Rancho Murieta Community Services District resolves that the section of Resolution 2012-05, describing Employer's Contribution, shall be amended to read as follows:

- A. The employer's contribution for represented employees or annuitants (group 001) shall be the amount necessary to pay eighty percent (80%) of his/her enrollment, including the enrollment of his/her family member(s), up to a maximum of eighty percent (80%) of Kaiser (CA), Sacramento region basic/supplemental, plus administrative fees and Contingency Reserve Fund assessments. The change is effective January 1, 2015 and is reviewed periodically by the Board.

PASSED AND ADOPTED by the Board of Directors of the Rancho Murieta Community Services District at their special meeting held on this 15th day of October 2014 by the following roll call vote:

Ayes:
Noes:
Absent:
Abstain:

Gerald Pasek, President of the Board
Rancho Murieta Community Services District

[Seal]
Attest:

Suzanne Lindenfeld, District Secretary

MEMORANDUM

Date: September 11, 2014
To: Board of Directors
From: Joseph Blake, General Manager
Paul Siebensohn, Director of Field Operations
Subject: Receive Water Treatment Plant Expansion Project Update

RECOMMENDED ACTION

No action - receive update.

UPDATE

Water Treatment Plant #1 is off and demolition is underway. Plant #2 is running smoothly and providing all of the water needs for the community. The site contractors are working in unison through Roebbelen Construction Management at Risk (CMAR) for site work, electrical, and mechanical. Submittals and requests for information (RFIs) are being submitted and responded to in a timely fashion. We recently received an updated schedule from GE which will allow CMAR to update the master project schedule. The schedule submittal has most of the items to be delivered before 2015, the exception being the membrane cassettes which are scheduled to arrive in March. We will work to expedite those as well. The current three (3) week schedule has many items to be done, the highlights being: finish installation of sewer force main and conduit line; pour cement pedestals for bulk chemical tanks; demolition of Plant #1 filter and sedimentation basin; install electrical conduits for new power feed from SMUD to Water Plant; and secondary conduit behind Plant #2.

Photos of some of the recent work completed are below.



Drying bed extension completed



Demolition of sedimentation basins



Twelve inch (12") Filtrate line install around Plant #2



Embankment protection below drying beds



Sewer force main installation from Water Plant to Clementia Circle



Chemical trench vault installation

Water Treatment Plant 1 (WTP1) Expansion and Upgrade Project

The table below is a summary of expenditures, through September 2014, related to the WTP1 Expansion and Upgrade project:

WTP1 Expansion and Upgrade Project	Approved Amount	RMCS D	R&B Letter of Credit	Developer	Amount Invoiced	Total Expended to Date
WTP Design (HDR)	\$239,982.00		\$239,982.00			\$239,982.00
Construction Manager at Risk (Roebbelen)	\$657,906.00	\$49,049.00				\$49,049.00
SMUD Application	\$5,000.00	\$5,000.00				\$5,000.00
CEQA (HDR)	\$46,292.00		\$47,788.89			\$47,788.89
Special Inspections/Geotechnical Engineering Services (Youngdahl)	\$37,147.00	\$3,085.00				\$3,085.00
WTP 1 - Zenon Environmental	\$2,173,800.00	\$116,842.00				\$116,842.00
Bid Process/Construction Engineering (HDR)	\$167,565.00	\$24,584.00				\$24,584.00
Legal		\$2,518.00				\$2,518.00
CSD Personnel		\$36,114.50				\$36,114.50
Miscellaneous (bid advertising, asbestos testing, etc.)		\$708.95				\$708.95
Marquee Fire Protection	\$42,500.00	\$6,056.25				\$6,056.25
Bockman & Woody Electric	\$2,370,226.00	\$61,750.00				\$61,750.00
JD Pasquetti	\$606,530.57	\$130,575.00			\$5,151.33	\$135,726.33
Total	<u>\$6,346,948.57</u>	<u>\$436,282.70</u>	<u>\$287,770.89</u>	<u>\$0.00</u>	<u>\$5,151.33</u>	<u>\$729,204.92</u>

Water Treatment Plant 1 (WTP1) Expansion and Upgrade Project

Letter of Credit (LOC) Balance as of December 31, 2013:

Beginning Balance:	\$	4,136,099.12
- LOC expenditures thru 2/28/14		<u>(\$287,770.89)</u>
LOC Remaining Balance	\$	<u><u>3,848,328.23</u></u>

Letter of Credit (LOC) Demands Tracking:

Demands made thru 3/14/14	\$287,770.89
LOC Reimbursement Rec'd thru 3/31,	<u>(\$287,770.29)</u>
Reimbursement Outstanding	<u><u>\$0.60</u></u>

Deposits Received:

Elk Grove Bilby (Lakeview)	\$	18,562.50
BBC Longview (Residences West)	\$	18,562.50
BBC Longview (Residences West)	\$	18,562.50
PCCP CSGF (Riverview)	\$	52,500.00
PCCP CSGF (Residences East)	\$	<u>37,125.00</u>

Total \$ 145,312.50

Water Treatment Plant 1 (WTP1) Expansion and Upgrade Project

Water Plant Expansion - CHANGE ESTIMATES

Change Order #	Approved (yes/no or pending)	Approved by	Quoted/ Unquoted	Trade Cont.	Initiated by	Description	Billed	Approved Contingency Remaining	Date Billed
0	-		-	Roebellen	Roebellen	project contingency place holder only	0.00	\$ 534,318.00	
1	yes	PS	\$ 5,153.00	JDP	RMCS D	3" of drying bed shotcrete vs dirt	5,151.33	\$ 529,166.67	
2	yes	PS	\$ 495.00	JDP	RMCS D	Sluice gate		\$ 529,166.67	
3	yes	JB	\$ 2,888.00	KGW & JDP	RMCS D	Force main change of material, sch.40 to sch.80, PE at plant		\$ 529,166.67	
4	Yes T&M	JB	\$ 1,660.00	JDP	RMCS D	2" conduit from Clementia Circle to WTP and pullboxes		\$ 529,166.67	
5	yes	JB	\$ 3,300.00	JDP	RMCS D	clsm trench at raw ater screening site due to rodents		\$ 529,166.67	
6	yes	PS	\$ 1,881.49	JDP	RMCS D	t/m to remove sludge from drying beds		\$ 529,166.67	
7	pending		unquoted		RMCS D	cement area around chem.tanks vs asphalt base rock		\$ 529,166.67	
8	pending		unquoted		RMCS D	replace corroded mj flange io C102 detail 1		\$ 529,166.67	
9	pending		unquoted		RMCS D	cost for hardie backer sliding vs wood		\$ 529,166.67	
10	pending		\$ 8,264.00		RMCS D	ASI #01, check valve and concrete fillet		\$ 529,166.67	
11	pending		\$ 4,091.00		RMCS D	NAOH added slab to tank yard		\$ 529,166.67	
12	pending		\$ 63,945.00		RMCS D	Add Alt #01 siding replacement		\$ 529,166.67	

Total \$ 91,677.49

MEMORANDUM

Date: October 7, 2014
To: Board of Directors
From: Joseph Blake, General Manager
Paul Siebensohn, Director of Field Operations
Subject: Receive Water Conservation Update

RECOMMENDED ACTION

No action - receive update.

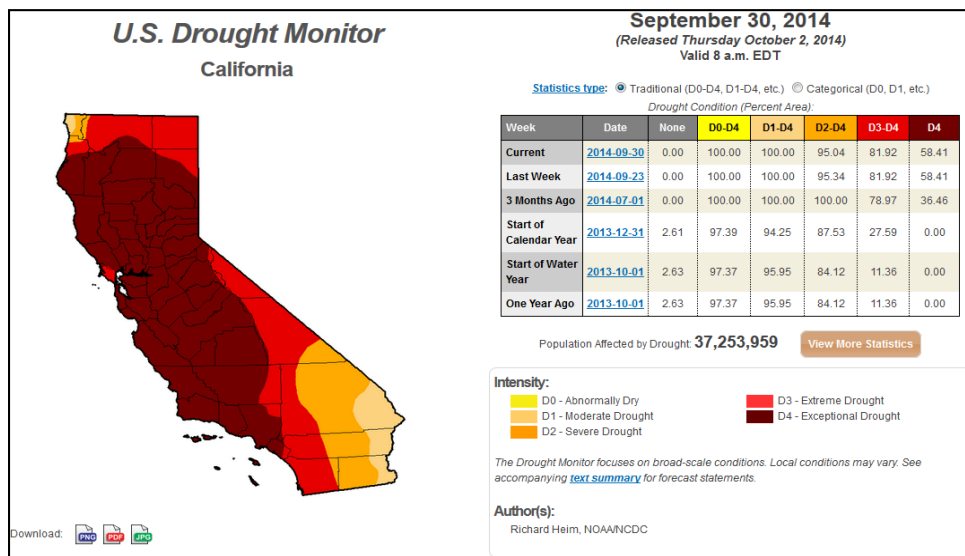
UPDATE

The community is doing well to conserve water. We received 0.4" of rain last week. The average water production for the midweek non-irrigation days is 1.02 million gallons per day (mgd). On irrigation days, production demand is averaging around 1.91 mgd.

Potable water consumption was 21.4% less than the past 5 year average and 22.7% less than September 2013. The average usage per customer connection was 630 gallons per day (gpd) during September vs. the 2014 high of 823 gpd in July.

So far, 480 conservation tags have been issued in an effort to promote potable water use conservation.

Below are the updated Drought Monitor screen shots for California below, continuing to show we will be in an exceptional drought, the worst drought category. The US Seasonal Drought Outlook shows that the drought will persist or intensify through December 31, 2014 in our area. Therefore, any water saved now during conservation will be available later.



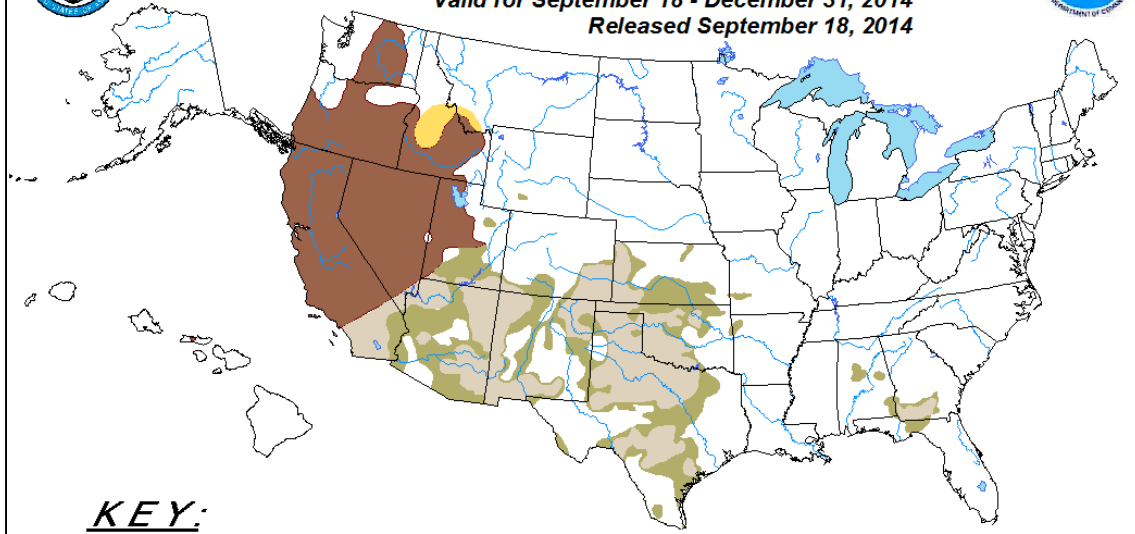


U.S. Seasonal Drought Outlook





Drought Tendency During the Valid Period

Valid for September 18 - December 31, 2014

Released September 18, 2014



KEY:

-  Drought persists or intensifies
-  Drought remains but improves
-  Drought removal likely
-  Drought development likely

Author: Anthony Artusa, Climate Prediction Center, NOAA
http://www.cpc.ncep.noaa.gov/products/expert_assessment/sdo_summary.html

Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Short-term events -- such as individual storms -- cannot be accurately forecast more than a few days in advance. Use caution for applications -- such as crops -- that can be affected by such events. "Ongoing" drought areas are approximated from the Drought Monitor (D1 to D4 intensity).

For weekly drought updates, see the latest U.S. Drought Monitor.

NOTE: The tan area areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period although drought will remain.

The Green areas imply drought removal by the end of the period (D0 or none)

CONFERENCE/EDUCATION SCHEDULE

Date: October 9, 2014
To: Board of Directors
From: Suzanne Lindenfeld, District Secretary
Subject: Review Upcoming Conference/Education Opportunities

This report is prepared in order to notify Directors of upcoming educational opportunities. Directors interested in attending specific events or conferences should contact me to confirm attendance for reservation purposes. The Board will discuss any requests from Board members desiring to attend upcoming conferences and approve those requests as deemed appropriate.

Board members must provide brief reports on meetings that they have attended at the District's expense. (AB 1234).

The upcoming conferences/educational opportunities include the following:

CALIFORNIA SPECIAL DISTRICT ASSOCIATION (CSDA)

Board Secretary Conference	February 12-13, 2015	TBA
Special Districts Legislative Days	May 19-20, 2015	Sacramento
General Manager Leadership Summit	July 12-14, 2015	TBA

GOLDEN STATE RISK MANAGEMENT ASSOCIATION (GSRMA)

GSRMA Annual Training Day	October 23, 2014	Corning
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ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)

Fall Conference and Exhibition	December 2 - 5, 2014	San Diego
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AMERICAN WATER WORKS ASSOCIATION (AWWA)

Annual Fall Conference	October 20-23, 2014	Reno, NV
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