

## **AGENDA**

**SAN JUAN BASIN AUTHORITY  
BOARD OF DIRECTORS' MEETING  
SANTA MARGARITA WATER DISTRICT  
BOARD ROOM  
August 13, 2013  
1:30 p.m.**

*Upon Request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Daniel Feron, Secretary, Board of Directors, at (949) 459-6590 at least 48 hours before the meeting if possible.*

### **ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING**

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the Authority's business office located at 26111 Antonio Parkway, Rancho Santa Margarita, California 92688, during regular business hours. When practical, these public records will also be made available on the San Juan Basin Authority's Internet Web Site, accessible at <http://www.sjbauthority.com>. All documents available for public review are on file with the Authority's Secretary located at 26111 Antonio Parkway, Rancho Santa Margarita, California 92688.

I. **CALL MEETING TO ORDER**

II. **PLEDGE OF ALLEGIANCE**

III. **ADMINISTRATION OF OATH OF OFFICE**

IV. **ORAL COMMUNICATIONS**

- A. Persons wishing address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request to be Heard" forms are available at the entrance to the Board Room. Comments are limited to three minutes, unless further time is granted by the Presiding Officer. Please submit the form to the Secretary prior to the beginning of the meeting.

Those wishing to address the Board of Directors on any items listed on the Agenda should submit a "request to be Heard" form to the Secretary before the Presiding Officer announces that agenda item. Your name will be called to speak at that time.

V. CONSENT CALENDAR

- A. Consideration and Action on Minutes of Regular Meeting of July 9, 2013.....Page 3

**Staff Recommendation:** Approve subject minutes.

- B. Consideration and Action on Preliminary Financial Statements for June 2013.....Page 8

**Staff Recommendation:** Information only, subject to finalization in year-end audit.

Note: Items on the CONSENT CALENDAR will be considered for approval without discussion in one vote. A Director may request that an item be taken off the Consent Calendar for full discussion.

**[END OF CONSENT CALENDAR]**

VI. ACTION ITEMS

- A. Consideration and Action on Authorization of First Amendment to Operating Lease Agreement between City of San Juan Capistrano as Lessee and San Juan Basin Authority as Lessor.....Page 12

**Staff Recommendation:** Authorize Amendment.

VII. CHAIRMAN'S REPORT

VIII. ATTORNEY'S REPORT

IX. OTHER MATTERS

- A. Open Discussion or items received too late to be agendized.

X. INFORMATION ITEMS

- A. Update on Santa Margarita Water District Canada Gobernadora Multipurpose Basin.

XI. ADJOURNMENT

The next Regular Board of Directors' meeting is scheduled for **September 10, 2013 at 1:30 p.m.** at the Santa Margarita Water District, 26111 Antonio Parkway, Rancho Santa Margarita, California.

SAN JUAN BASIN AUTHORITY  
BOARD OF DIRECTORS' MEETING  
SANTA MARGARITA WATER DISTRICT  
BOARD ROOM  
July 9, 2013

**UNAPPROVED**

A Meeting of the Board of Directors (Board) of the San Juan Basin Authority (SJBA) was held on Tuesday, July 9, 2013 at its principal place of business located at 26111 Antonio Parkway, Suite A, Rancho Santa Margarita, CA 92688. The following Directors and/or Alternate Directors were present:

**Directors Present:**

LARRY McKENNEY, Moulton Niguel Water District	Chairman
LARRY KRAMER, City of San Juan Capistrano	Director
DON BUNTS, Santa Margarita Water District	Alternate Director
WAYNE RAYFIELD, South Coast Water District	Director

**Directors Absent:** None

**Support Services Present:**

DANIEL R. FERONS	Administrator
WEST CURRY	Administrator

**Others Present:**

Cindy Russell, Chief Financial Officer, City of San Juan Capistrano  
Jim Fabian, Financial Advisor, City of San Juan Capistrano.  
Vanessa Locklin, Legal Counsel Stradling Yocca Carlson & Rauth, P.C

- I. CALL MEETING TO ORDER  
Director McKenney called the meeting to order at 1:34 p.m.
- II. PLEDGE OF ALLEGIANCE  
Director McKenney led the Pledge of Allegiance
- III. ADMINISTRATION OF OATH OF OFFICE  
Item not required for this meeting.
- IV. ORAL COMMUNICATIONS  
Mr. Ferons introduced Betty H. Ols0n, Ph.D. and Charles T. Gibson of the Santa Margarita Water District's (SMWD) Board of Directors. He noted they are considering serving as representatives from SMWD on SJBA Board.
- V. CONSENT CALENDAR
  - A. Consideration and Action on Minutes of Regular Meeting of June 11, 2013.

**MOTION NO. 2013-14**

Thereafter, upon a motion duly made by Director Rayfield, seconded by Director Bunts, to approve the Consent Calendar (Item A – Approve the Minutes of Regular Meeting of June 11, 2013 as amended.) Motion passed 4-0.

VI. ACTION ITEMS

- A. Consideration and Action on Waiver of Conflicts of Interest re Refunding of San Juan Basin Authority Lease Revenue Bonds (Ground Water Recovery Project), Issue of 2002; Amendment to Operating Lease Agreement

Mr. Feronis offered that this is a request to renew the waiver of potential or actual conflicts of interest based upon Stradling Yocca Carlson & Rauth's concurrent representation of the City of San Juan Capistrano (City) and the San Juan Basin Authority (SJBA) in connection with an amendment to the Operating Lease Agreement between the City and the SJBA.

Attorney Locklin explained this is the renewal of a prior waiver which acknowledges that Stradling Yocca Carlson & Rauth provide legal services to the SJBA as general counsel and special legal counsel to the City on a variety of legal matters.

**MOTION NO. 2013-15**

Thereafter, upon a motion duly made by Director Rayfield, seconded by Director Kramer, to accept staff's recommendation and authorize the renewal of the waiver of conflicts of interest regarding the refunding of the San Juan Basin Authority Lease Revenue Bonds, Issue of 2002; Amendment to Operating Lease Agreement.) Motion passed 4-0.

- B. Consideration and Action on Release of Draft San Juan Basin Groundwater Management and Facilities Plan for Public Review

Mr. Feronis noted a month's extension was worked into the schedule to allow member agencies personal and the SJBA directors to review the document. Comments have been received from member agencies. He commented that member agencies were contacted and the general consensus is there are no fatal flaws in the document. However, member agency comments have not been updated at this time. It is the plan to update the document once all comments have been received from the public. Staff's recommendation is to release the draft document for public review.

Director Rayfield commented he supports the release of the draft document for public review. He recommended that staff notify the Army Corp of Engineers of the availability of the document for review.

Mr. Feronis clarified other agencies; i.e. the Army Corp of Engineers, the California Department of Public Health, the local Regional Water Quality Review Board and the County of Orange will be sent letters of notification regarding the availability of the document for review.

A recommendation was made to add Fish and Game to the list.

Mr. Ferons noted the document will be posted on the SJBA website with hard copies for each member agency to distribute as appropriate. A recommendation was made for each member agency to add the SJBA as a link on their respective websites.

Director McKenney reiterated that the goal is to adopt the plan at the October 2013 SJBA Board meeting.

Director McKenney asked for comments from the public. There were no comments.

#### **MOTION NO. 2013-16**

Thereafter, upon a motion duly made by Director Rayfield, seconded by Director Kramer, to accept staff's recommendation and authorize the release the draft San Juan Basin Groundwater Management and Facilities Plan for Public Review Motion passed 4-0.

- C. Consideration and Action on Scope of Work for Peer Review of the San Juan Basin Groundwater Management and Facilities Plan prepared by Wildermuth Environmental and the Groundwater Modeling Report Prepared by Geoscience on behalf of Municipal Water District of Orange County

Mr. Ferons comment the intent of the scope of work is not to find fault with the document but to validate the basis for the assumptions. This task is to provide a high level review of the report from a technical perspective. Did the Authority look at everything it should have? Additionally, to focus on big issues that would fundamentally change the program.

Director Kramer noted he basically concurs with the scope of work.

Director Rayfield asked for clarification in the RFP on the following topics:

- Were any assumptions missed.
- Were there any unnecessary assumptions that skew the model results.
- Was the calibration of the model adequate.
- Was there sufficient assurance that the model is correct and can be the basis for future decisions, plans and actions.

Mr. Ferons noted that the Technical Advisory Committee will participate in the review of the RFP.

Director McKenney reiterated that the peer review process is not to pick apart the model, but to ensure that the model is being used appropriately.

**MOTION NO. 2013-17**

Thereafter, upon a motion duly made by Director Kramer, seconded by Director Rayfield, to authorize the release of the Request for Proposal for the peer review of the San Juan Basin Groundwater Management and Facilities Plan to include updates as discussed at the July 9, 2013 SJBA Board of Directors meeting. Motion passed 4-0.

- VII. CHAIRMAN'S REPORT  
No report for this meeting.
- VIII. ATTORNEY'S REPORT  
No report for this meeting.
- IX. OTHER MATTERS  
No other matters for this meeting.

INFORMATION ITEMS

- A. Presentation by City of San Juan Capistrano on Proposed Refunding of San Juan Basin Authority Lease Revenue Bonds (Ground Water Recovery Project), Issue of 2002.

Cindy Russell, Chief Financial Officer for the City of San Juan Capistrano, introduced Jim Fabian, Financial Advisor for the City of San Juan Capistrano.

The presentation was an overview of the SJBA Lease Revenue Bonds. The following highlights were discussed:

- ◆ Current Bond Market Conditions
- ◆ Historical Downward Trend in Rates
- ◆ Recent Municipal Market Dynamics
- ◆ Refunding Plan
- ◆ Preliminary SJBA 2013 Refunding Bonds Schedule
- ◆ Summary

Mr. Fabian responded to questions from the Board.

The Board received the presentation

- B. San Juan Basin Groundwater and Desalination Optimization Program Proposal for Metropolitan Water District of Southern California Foundational Actions Funding Program .

It was noted that the application was sent in.

Mr. Ferons noted that letters of support were submitted by Trabuco Canyon Water District and the City of San Clemente Public Works

Department.

X. ADJOURNMENT

There being no further business before the Board the meeting was adjourned at 2:39 p.m.

The next Regular Board of Directors' meeting is scheduled for **August 13, 2013 at 1:30 p.m.** at the Santa Margarita Water District, 26111 Antonio Parkway, Rancho Santa Margarita, California.

Respectfully submitted,

Sharon D. Brimer, Recording Secretary

I DO HEREBY CERTIFY that the foregoing Minutes are true and correct copy of the Minutes adopted by the Board of Directors of the SAN JUAN BASIN AUTHORITY.

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West Curry, Administrator  
SAN JUAN BASIN AUTHORITY

**San Juan Basin Authority**  
**Financial Statements**  
**June 30, 2013**  
**Unaudited**

	G/L 21 General Fund	P.C. 1 Ortega Well	P.C. 4 G/L 22 Desalter	P.C. 4 G/L 31 Debt Svc	P.C. 9 G/L 29 Well Field	P.C. 10 G/L 25 Monitoring	P.C.11 G/L 20 Future Proj	P.C. 13 G/L 32 USGS Co-Op GIS	Total
<b>ASSETS</b>									
Cash and Investments	\$ 211,980	\$ -	\$ 55,578	\$ -	\$ -	\$ 126,894	\$ 3,816	\$ 53,189	\$ 451,457
Cash and Investment-Restricted for Debt Service	-	-	-	2,357,435	-	-	-	-	2,357,435
Accounts Receivable - Lease prin	-	-	-	22,473,845	-	-	-	-	22,473,845
Utility Plant in Service	147,274	493,254	-	-	489,004	42,187	-	-	1,171,719
(Less) Accumulated Depreciation	(147,274)	(432,711)	-	-	(463,703)	(42,187)	-	-	(1,085,875)
<b>TOTAL ASSETS</b>	<b>\$ 211,980</b>	<b>\$ 60,543</b>	<b>\$ 55,578</b>	<b>\$ 24,831,280</b>	<b>\$ 25,301</b>	<b>\$ 126,894</b>	<b>\$ 3,816</b>	<b>\$ 53,189</b>	<b>\$ 25,368,581</b>
<b>LIABILITIES AND FUND EQUITIES</b>									
Current - Accounts Payable	\$ 12,753	\$ -	\$ 1,146	\$ 418,042	\$ -	\$ 14,484	\$ -	\$ 24,850	\$ 471,275
Current - Bonds Payable	-	-	-	990,000	-	-	-	-	990,000
Bonds Payable	-	-	-	23,790,000	-	-	-	-	23,790,000
<b>TOTAL LIABILITIES</b>	<b>\$ 12,752.8</b>	<b>\$ -</b>	<b>\$ 1,146</b>	<b>\$ 25,198,042</b>	<b>\$ -</b>	<b>\$ 14,484</b>	<b>\$ -</b>	<b>\$ 24,850</b>	<b>\$ 25,251,275</b>
<b>FUND EQUITIES</b>									
SMWD	\$ 21,249	\$ 36,037	\$ 10,396	\$ -	\$ 14,820	\$ 32,582	\$ 954	\$ 6,671	\$ 122,709
MNWD	22,301	-	10,396	-	-	48,983	954	8,081	90,715
CITY OF SAN JUAN CAPISTRANO	22,285	36,038	10,396	(109,425)	14,820	54,076	954	8,081	37,225
SCWD	22,723	-	10,396	-	-	18,871	954	9,490	62,434
Current Year Fund Balance	110,669	(11,532)	12,848	(257,337)	(4,339)	(42,102)	-	(3,984)	(195,777)
<b>TOTAL FUND EQUITIES</b>	<b>199,227</b>	<b>60,543</b>	<b>54,432</b>	<b>(366,762)</b>	<b>25,301</b>	<b>112,410</b>	<b>3,816</b>	<b>28,339</b>	<b>117,306</b>
<b>TOTAL LIABILITIES AND FUND EQUITIES</b>	<b>\$ 211,980</b>	<b>\$ 60,543</b>	<b>\$ 55,578</b>	<b>\$ 24,831,280</b>	<b>\$ 25,301</b>	<b>\$ 126,894</b>	<b>\$ 3,816</b>	<b>\$ 53,189</b>	<b>\$ 25,368,581</b>
<b>REVENUES</b>									
Investment Income	\$ 21	\$ -	\$ -	\$ 160,156	\$ -	\$ -	\$ -	\$ -	\$ 160,177
Interest pmt from City SJC	-	-	-	1,170,558	-	-	-	-	1,170,558
Special assessments	132,125	-	25,000	-	-	75,000	-	29,000	261,125
<b>TOTAL REVENUES</b>	<b>\$ 132,146</b>	<b>\$ -</b>	<b>\$ 25,000</b>	<b>\$ 1,330,714</b>	<b>\$ -</b>	<b>\$ 75,000</b>	<b>\$ -</b>	<b>\$ 29,000</b>	<b>\$ 1,591,860</b>
<b>EXPENDITURES-OPERATING</b>									
Consulting Services	\$ 6,316	\$ -	\$ 12,152	\$ -	\$ -	\$ 117,102	\$ -	\$ 32,984	\$ 168,554
Accounting Expense	7,539	-	-	-	-	-	-	-	7,539
Legal Fees	6,937	-	-	-	-	-	-	-	6,937
Dues	685	-	-	-	-	-	-	-	685
<b>TOTAL EXPENDITURES-OPERATING</b>	<b>21,477</b>	<b>-</b>	<b>12,152</b>	<b>-</b>	<b>-</b>	<b>117,102</b>	<b>-</b>	<b>32,984</b>	<b>183,715</b>
<b>EXPENDITURES NON-OPERATING</b>									
Depreciation Expense	\$ -	\$ 11,532	\$ -	\$ -	\$ 4,339	\$ -	\$ -	\$ -	\$ 15,871
Debt Service and Interest Expense	-	-	-	1,588,051	-	-	-	-	1,588,051
<b>TOTAL EXPENDITURES NON-OPERATING</b>	<b>-</b>	<b>11,532</b>	<b>-</b>	<b>1,588,051</b>	<b>4,339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,603,922</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 21,477</b>	<b>\$ 11,532</b>	<b>\$ 12,152</b>	<b>\$ 1,588,051</b>	<b>\$ 4,339</b>	<b>\$ 117,102</b>	<b>\$ -</b>	<b>\$ 32,984</b>	<b>\$ 1,787,637</b>
<b>NET INCOME/(LOSS)</b>	<b>\$ 110,669</b>	<b>\$ (11,532)</b>	<b>\$ 12,848</b>	<b>\$ (257,337)</b>	<b>\$ (4,339)</b>	<b>\$ (42,102)</b>	<b>\$ -</b>	<b>\$ (3,984)</b>	<b>\$ (195,777)</b>



**San Juan Basin Authority  
Budget vs Actual  
Fiscal Year 2012/2013**

	Budget	July 2012 Actual	Aug 2012 Actual	Sept 2012 Actual	Oct 2012 Actual	Nov 2012 Actual	Dec 2012 Actual	Jan 2013 Actual	Feb 2013 Actual	March 2013 Actual	April 2013 Actual	May 2013 Actual	June 2013 Actual	Year to Date Expenditures Actual	Budget Remaining
<b>GENERAL FUND (021)</b>	-														
Financial Services	\$ 6,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,393	\$ 3,393	\$ 2,832
Legal Fees	15,000	94	593	-	855	207	-	2,452	-	1,653	-	1,063	20	6,937	8,063
Secretarial Administration	4,400	-	-	204	-	-	-	247	250	-	-	179	360	1,240	3,160
Audit Services	6,500	-	-	-	-	146	-	-	-	-	-	-	4,000	4,146	2,354
Project Management Services	100,000	-	-	-	-	685	-	-	-	-	-	-	5,075	5,760	94,240
	<u>\$ 132,125</u>	<u>\$ 94</u>	<u>\$ 593</u>	<u>\$ 204</u>	<u>\$ 855</u>	<u>\$ 1,038</u>	<u>\$ -</u>	<u>\$ 2,699</u>	<u>\$ 250</u>	<u>\$ 1,653</u>	<u>\$ -</u>	<u>\$ 1,242</u>	<u>\$ 12,848</u>	<u>\$ 21,476</u>	<u>\$ 110,649</u>
<b>Project Committee 4 (022)</b>															
Vegetation Monitoring	\$ 25,000	\$ -	\$ 2,288	\$ -	\$ -	\$ -	\$ 2,447	\$ 692	\$ -	\$ 1,782	\$ 2,623	\$ 1,174	\$ 1,146	\$ 12,152	\$ 12,848
	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 2,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,447</u>	<u>\$ 692</u>	<u>\$ -</u>	<u>\$ 1,782</u>	<u>\$ 2,623</u>	<u>\$ 1,174</u>	<u>\$ 1,146</u>	<u>\$ 12,152</u>	<u>\$ 12,848</u>
<b>PROJECT COMMITTEE 10 (025)</b>															
Water Rights Monitoring - Field	\$ 75,000	\$ -	\$ 11,483	\$ 7,246	\$ 6,412	\$ -	\$ 319	\$ 8,582	\$ -	\$ 13,539	\$ 14,380	\$ 23,590	\$ 14,484	\$ 100,034	\$ (25,034)
** Groundwater Management Plan	100,000	-	2,792	8,188	3,506	-	-	-	-	2,582	-	-	-	17,068	82,932
	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ 14,275</u>	<u>\$ 15,434</u>	<u>\$ 9,918</u>	<u>\$ -</u>	<u>\$ 319</u>	<u>\$ 8,582</u>	<u>\$ -</u>	<u>\$ 16,121</u>	<u>\$ 14,380</u>	<u>\$ 23,590</u>	<u>\$ 14,484</u>	<u>\$ 117,102</u>	<u>\$ 57,898</u>
<b>PROJECT COMMITTEE 13 (032)</b>															
USGS-Loop Agreement Steam Gauging	\$ 29,000	\$ 8,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,850	\$ 32,984	\$ (3,984)
	<u>\$ 29,000</u>	<u>\$ 8,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,850</u>	<u>\$ 32,984</u>	<u>\$ (3,984)</u>
<b>TOTAL BUDGETED EXPENDITURES</b>	<u>\$ 361,125</u>	<u>\$ 8,228</u>	<u>\$ 17,156</u>	<u>\$ 15,638</u>	<u>\$ 10,773</u>	<u>\$ 1,038</u>	<u>\$ 2,766</u>	<u>\$ 11,973</u>	<u>\$ 250</u>	<u>\$ 19,556</u>	<u>\$ 17,003</u>	<u>\$ 26,006</u>	<u>\$ 53,328</u>	<u>\$ 183,715</u>	<u>\$ 177,411</u>

\*\* Per 6.12.12 meeting member agencies agreed to retain the GWMP in the budget but defer invoicings until funds are needed

**SAN JUAN BASIN AUTHORITY**  
**OPERATING BUDGET DETAIL/CHECK REGISTER**  
**AS OF JUNE 30, 2013**

					GENERAL FUND (21)					(021)	PC 4 DESALTER (22)	(022)	
					Financial	Legal Fees	Secretarial	Audit	Misc	Proj Mgmt Svcs	TOTAL	Veg Monitoring	TOTAL
BUDGET					\$ 6,225.00	\$ 15,000.00	\$ 4,400.00	\$ 6,500.00	\$ -	\$ 100,000.00	\$ 132,125.00	\$ 25,000.00	\$ 25,000.00
Ck #	Date	Vendor	CHECK AMOUNT	Prior Yr Expenses									
		ACCRUALS BAL FWD Prior Year		179,569.54							-		-
											-		-
2543	7/26/2012	Santa Margarita Water District	98.40	(98.40)							-		-
2544	7/26/2012	Stradling Yocca Carlson & Rauth	979.76	(920.76)		59.00					59.00		-
2545	7/26/2012	Sharon Brimer	220.00	(220.00)							-		-
2546	7/26/2012	Psomas-Misc review of Wtr Rights file	2,807.92	(2,807.92)							-		-
2547	7/26/2012	Widernuth Environmental	28,751.43	(28,751.43)							-		-
2548	9/4/2012	U.S. Geology Survey	24,850.00	(24,850.00)							-		-
2549	9/5/2012	Stradling Yocca Carlson & Rauth	34.10			34.10					34.10		-
2550	10/11/2012	Widernuth Environmental	31,998.23								-	2,288.38	2,288.38
2551	10/11/2012	Santa Margarita Water District	8,150.40	(8,150.40)							-		-
2552	10/11/2012	Sharon Brimer	264.00				264.00				264.00		-
2553	11/12/2012	Craig R. Fechter	5,946.00	(5,800.00)				146.00			146.00		-
2554		VOID									-		-
2555	11/27/2012	State Water Resources Board	684.60							684.60	684.60		-
2556	11/27/2012	Stradling Yocca Carlson & Rauth	1,656.00			1,656.00					1,656.00		-
2557	11/27/2012	Widernuth Environmental	9,917.88								-	1,486.68	1,486.68
2558	1/10/2013	Widernuth Environmental	2,765.78								-	959.98	959.98
2559	1/10/2013	Sharon Brimer	246.80				246.80				246.80		-
2560	1/10/2013	Widernuth Environmental	9,273.70								-	691.70	691.70
2561	2/25/2013	Sharon Brimer	250.00				250.00				250.00		-
2562	2/25/2013	Stradling Yocca Carlson & Rauth	2,451.50			2,451.50					2,451.50		-
2563		VOID									-		-
2564	3/28/2013	Stradling Yocca Carlson & Rauth	1,299.40			1,299.40					1,299.40		-
2565	3/28/2013	Widernuth Environmental	17,902.52								-	1,781.52	1,781.52
2566	4/23/2013	Stradling Yocca Carlson & Rauth	354.00			354.00					354.00		-
2567	4/23/2013	Widernuth Environmental	17,002.38								-	2,623.62	2,623.62
2568	5/23/2013	Widernuth Environmental	8,961.50								-		-
2569	5/23/2013	Sharon Brimer	180.00				180.00				180.00		-
2570	5/28/2013	Stradling Yocca Carlson & Rauth	1,063.00			1,063.00					1,063.00		-
2571	6/28/2013	Widernuth Environmental	15,802.59								-	1,174.09	1,174.09
2572	6/28/2013	Stradling Yocca Carlson & Rauth	20.00			20.00					20.00		-
2573	6/28/2013	Santa Margarita Water District	75.00							75.00	75.00		-
		Refund of Domain Registry ck	(60.00)				(60.00)				(60.00)		-
		Prior year pending accrual balance	107,970.63	(107,970.63)							-		-
		Adjustment from FY 2010 prepd acct		8,133.00							-		-
		Accrual from FY 12.13			3,392.84	-	360.00	4,000.00	-	5,000.00	12,752.84	1,146.00	1,146.00
		TOTAL EXPENSES Y-T-D			3,392.84	6,937.00	1,240.80	4,146.00	-	5,759.60	21,476.24	12,151.97	12,151.97
		BUDGET REMAINING 2012.13			\$ 6,225.00	\$ 8,063.00	\$ 3,159.20	\$ 2,354.00	\$ -	\$ 94,240.40	\$ 110,648.76	\$ 12,848.03	\$ 12,848.03

					PC 10 MONITORING		(10)	PC 13 USGS CO-OP	(13)	(31)	TOTAL BUDGET
BUDGET					Grdwtr monitoring	Grnd Mgmt Plan	TOTAL	Lp Agree Stm Gauging	TOTAL	Debt Svc Pmts	Used/Remaining
Ck #	Date	Vendor			\$ 75,000.00	\$ 100,000.00	\$ 175,000.00	\$ 29,000.00	\$ 29,000.00		\$ 361,125.00
2543	7/26/2012	Santa Margarita Water District					-		-		-
2544	7/26/2012	Stradling Yocca Carlson & Rauth					-		-		-
2545	7/26/2012	Sharon Brimer					-		-		(59.00)
2546	7/26/2012	Psomas-Misc review of Wtr Rights file					-		-		-
2547	7/26/2012	Widernuth Environmental					-		-		-
2548	9/4/2012	U.S. Geology Survey					-		-		-
2549	9/5/2012	Stradling Yocca Carlson & Rauth					-		-		(34.10)
2550	10/11/2012	Widernuth Environmental			18,729.85	10,980.00	29,709.85		-		(31,998.23)
2551	10/11/2012	Santa Margarita Water District					-		-		(264.00)
2552	10/11/2012	Sharon Brimer					-		-		(146.00)
2553	11/12/2012	Craig R. Fechter					-		-		-
2554	1/01/2013	VOID					-		-		-
2555	11/27/2012	State Water Resources Board					-		-		(684.60)
2556	11/27/2012	Stradling Yocca Carlson & Rauth					-		-		(1,656.00)
2557	11/27/2012	Widernuth Environmental			4,925.20	3,506.00	8,431.20		-		(9,917.88)
2558	1/10/2013	Widernuth Environmental			1,805.80		1,805.80		-		(2,765.78)
2559	1/10/2013	Sharon Brimer					-		-		(246.80)
2560	1/10/2013	Widernuth Environmental			8,582.00		8,582.00		-		(9,273.70)
2561	2/25/2013	Sharon Brimer					-		-		(250.00)
2562	2/25/2013	Stradling Yocca Carlson & Rauth					-		-		(2,451.50)
2563		VOID					-		-		-
2564	3/28/2013	Stradling Yocca Carlson & Rauth					-		-		(1,299.40)
2565	3/28/2013	Widernuth Environmental			13,539.00	2,582.00	16,121.00		-		(17,902.52)
2566	4/23/2013	Stradling Yocca Carlson & Rauth					-		-		(354.00)
2567	4/23/2013	Widernuth Environmental			14,378.76		14,378.76		-		(17,002.38)
2568	5/23/2013	Widernuth Environmental			8,961.50		8,961.50		-		(8,961.50)
2569	5/23/2013	Sharon Brimer					-		-		(180.00)
2570	5/28/2013	Stradling Yocca Carlson & Rauth					-		-		(1,063.00)
2571	6/28/2013	Widernuth Environmental			14,628.50		14,628.50		-		(15,802.59)
2572	6/28/2013	Stradling Yocca Carlson & Rauth					-		-		(20.00)
2573	6/28/2013	Santa Margarita Water District					-		-		(75.00)
		Refund of Domain Registry ck					-		-		60.00
		Adjustment from FY 2010 prepd acct					8,133.00	8,133.00			(8,133.00)
		Accruals from FY 2012.13			14,483.75	-	14,483.75	24,850.00	24,850.00		(53,232.59)
		TOTAL EXPENSES Y-T-D			100,034.36	17,068.00	117,102.36	32,983.00	32,983.00	-	(183,713.67)
		BUDGET REMAINING 2012.13			\$ (25,034.36)	\$ 82,932.00	\$ 57,897.64	\$ (3,983.00)	\$ (3,983.00)	\$ -	\$ 177,411.43

**San Juan Basin Authority  
Wildermuth Analysis  
Project#'s 075-006 and 075-007  
As of June 30, 2013**

CONTRACT# 075-006	Services Performed	Check #	Check Date	Invoice #	Integrated Groundwtr Monitoring Program	CASGEM Program	Basin Mgmt Monitoring Program	Vegetation Monitoring	Total Amount	Contract Amount Remaining
<b>Contract Amount</b>					\$ 53,594.00	\$ 1,860.00	\$ 28,677.00	\$ 12,250.00	\$ 96,381.00	\$ 96,381.00
<b>FY 2011.2012</b>										
	Jan thru March	2540	05/03/12	2012057	2,050.41			1,943.48	3,993.89	92,387.11
	April	2547	07/26/12	2012096	2,449.67	416.00			2,865.67	89,521.44
	May	2547	07/26/12	2012126	1,940.58			1,568.42	3,509.00	86,012.44
	June	2547	07/26/12	2012144	4,669.45		6,466.25	762.00	11,897.70	74,114.74
<b>Total Expenses for FY 2011.2012</b>					\$ 11,110.11	\$ 416.00	\$ 6,466.25	\$ 4,273.90	\$ 22,266.26	
<b>FY 2012.2013</b>										
	July	2550	10/11/12	2012187	2,450.25		2,531.25		4,981.50	69,133.24
	August	2550	10/11/12	2012206	3,079.40		3,420.00	2,288.38	8,787.78	60,345.46
	September	2550	10/11/12	2012254	4,638.95		2,610.00		7,248.95	53,096.51
	October	2557	11/27/12	2012287	4,835.20		90.00	1,486.68	6,411.88	46,684.63
	November	2558	01/10/13	2012318	1,805.80			959.98	2,765.78	43,918.85
	December	2560	01/23/13	2012352	2,080.75		6,501.25	691.70	9,273.70	34,645.15
	January/Februar	2565	03/28/13	2013010	3,148.00	537.00	2,027.50	1,781.52	7,494.02	27,151.13
	March	2567	04/23/13	2013085	2,451.41		1,903.75	767.84	5,123.00	22,028.13
	April	2568	05/23/13	2013119	2,717.50				2,717.50	19,310.63
	May	2571	06/28/13	2013136	1,125.00				1,125.00	18,185.63
	June accrual				2,187.50				2,187.50	15,998.13
<b>Total Expenses FY 2012.2013</b>					\$ 30,519.76	\$ 537.00	\$ 19,083.75	\$ 7,976.10	\$ 58,116.61	
<b>Total Expenses</b>					\$ 41,629.87	\$ 953.00	\$ 25,550.00	\$ 12,250.00	\$ 80,382.87	
<b>Calendar Year 2013 Contract balance remaining</b>					\$ 11,964.13	\$ 907.00	\$ 3,127.00	\$ -	\$ 15,998.13	\$ 15,998.13
**Note: contract for Integrated Water Monitoring was increased \$3,000 - Wildermuth is not showing on their statements										

CONTRACT# 075-007	Services Performed	Check#	Check Date	Invoice #	Field Monitoring Program	Date Acquisition and Management	Rights Permit Reporting	Bi-annual Storage Change Reports to SJBA	Seawater Intrusion Monitoring Plan	Presentations/Data Requests	Vegetation Monitoring	Total Amount	Contract Amount Remaining
<b>Contract Amount</b>					\$ 41,892.00	\$ 21,560.00	\$ 14,670.00	\$ 18,715.00	\$ 19,260.00	\$ 9,472.00	\$13,550.00	\$139,119.00	\$ 139,119.00
	January/Februar	2565	03/28/13	2013011	1,053.00	1,450.00			4,848.50	475.00		7,826.50	131,292.50
	March	2567	04/23/13	2013086	9,808.60	215.00					1,855.78	11,879.38	119,413.12
	April	2568	05/23/13	2013120	331.50	4,101.25	93.75	1,686.25		31.25		6,244.00	113,169.12
	May	2571	06/28/13	2013137	6,817.25	1,131.25		5,510.00		45.00	1,174.09	14,677.59	104,735.53
	June accrual				5,740.00	1,385.00	326.25	2,835.00		2,010.00	1,146.04	13,442.29	99,726.83
<b>Total Expenses FY 2012.2013</b>					\$ 23,750.35	\$ 8,282.50	\$ 420.00	\$ 10,031.25	\$ 4,848.50	\$ 2,561.25	\$ 4,175.91	\$ 54,069.76	
<b>Calendar Year 2013 Contract balance remaining</b>					\$ 18,141.65	\$ 13,277.50	\$ 14,250.00	\$ 8,683.75	\$ 14,411.50	\$ 6,910.75	\$ 9,374.09	\$ 85,049.24	\$ 85,049.24



**TO:** Board of Directors

Date: August 13, 2013

**FROM:** Dan Ferons

**SUBJECT:** Consideration and Action on First Amendment to Operating Lease Agreement by and between the City of San Juan Capistrano and San Juan Basin Authority relating to the \$31,555,000 San Juan Basin Authority Lease Revenue Bonds (Ground Water Recovery Project) Issue of 2002 ("2002 Bonds")

### **SUMMARY**

**Issue:** A technical error is contained in the Operating Lease Agreement for the San Juan Capistrano Ground Water Recovery Plant ("Ground Water Recovery Plant"), which incorrectly states that the termination date of that lease is December 1, 2035. The parties originally intended the Operating Lease Agreement to continue in effect until October 1, 2057, to terminate concurrently with the underlying Property Lease from the City of San Juan Capistrano ("City") to the Authority.

**Recommendation:** Approve the First Amendment to Operating Lease Agreement ("Amendment") in substantially the form submitted herewith.

**Fiscal Impact:** None. The Amendment will correct a technical error in the Operating Lease Agreement. Approval of the Amendment will conform the Operating Lease Agreement to the original intent of the parties.

**Related Actions:** The City intends to refund the 2002 Bonds. When this occurs, the Board of Directors will be asked to approve the refunding transaction.

### **DISCUSSION**

On December 1, 2002, the Authority issued the above-referenced 2002 Bonds to finance the Groundwater Recovery Project. As part of that transaction, the Authority entered into a Property Lease dated as of December 1, 2002 with the City, pursuant to which the Authority leased the subject property ("Property") from the City. The Authority concurrently leased the Property to the Capistrano Valley Water District ("Water District") pursuant to a Lease Agreement and an Operating Lease Agreement, both dated as of December 1, 2002. The City is the successor in interest to the Water District under the Lease Agreement and the Operating Lease Agreement.

The City's lease payments under the Lease Agreement secure repayment of the 2002 Bonds. Pursuant to Section 4.2 thereof, the Lease Agreement terminates on December 1, 2035. The Operating Lease was intended to continue in effect past the termination date of the Lease Agreement to enable the City to continue to occupy and operate the Ground Water Recovery Plant at the

Property after the expiration of the Lease Agreement and repayment of the 2002 Bonds, through the termination of the Property Lease on October 1, 2057.

Section 3.2 of the Operating Lease Agreement mistakenly provides that the Operating Lease Agreement terminates on December 1, 2035—the same termination date as is set forth in the Lease Agreement. To correct this error, staff recommends that the Board approve the attached Amendment, which would amend the termination date set forth in Section 3.2 of the Operating Lease to October 1, 2057. The proposed Amendment is consistent with the original intent of the parties and will enable the City to continue to occupy the Property and operate the Ground Water Recovery Plant throughout the remaining term of the Property Lease.

**RECORDING REQUESTED BY:** )  
**AND WHEN RECORDED MAIL TO:** )  
 )  
STRADLING YOCCA CARLSON & RAUTH )  
660 Newport Center Drive, Suite 1600 )  
Newport Beach, California 92660 )  
Attention: Douglas S. Brown, Esq. )  
 )

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[Space above for recorder.]

This document is recorded for the benefit of the City of San Juan Capistrano, and the recording is fee-exempt under Section 6103 of the Government Code. Term of lease is less than 99 years.

## **FIRST AMENDMENT TO OPERATING LEASE AGREEMENT**

between

**CITY OF SAN JUAN CAPISTRANO,**  
**as Lessee**

and

**SAN JUAN BASIN AUTHORITY,**  
**as Lessor**

**Dated as of December 1, 2002**

**Relating to**

**\$31,555,000**  
**SAN JUAN BASIN AUTHORITY**  
**LEASE REVENUE BONDS**  
**(GROUND WATER RECOVERY PROJECT)**  
**ISSUE OF 2002**

## **FIRST AMENDMENT TO OPERATING LEASE AGREEMENT**

This First Amendment to Operating Lease Agreement (the "First Amendment to Operating Lease Agreement") is made and entered into as of \_\_\_\_\_, 2013, by and between the SAN JUAN BASIN AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California, as lessor (the "Authority"), and the CITY OF SAN JUAN CAPISTRANO, a municipal corporation duly organized and existing under and by virtue of the laws of the State of California, as lessee (the "City"), and amends, in part, that certain Operating Lease Agreement between the Capistrano Valley Water District, as lessee (the "Water District"), and the Authority, as lessor, dated as of December 1, 2002 and recorded in the official records of the County of Orange on January 7, 2003 as Document No. 2003000021099 (the "Operating Lease");

### **W I T N E S S E T H :**

WHEREAS, the Water District entered into the Operating Lease with the Authority for the purpose of leasing from the Authority, as lessee thereunder, the real property described in Exhibit A thereto (and improvements thereon) in connection with the execution and delivery of the Lease Revenue Bonds (Groundwater Recovery Project), Issue of 2002 (the "2002 Bonds"); and

WHEREAS, the City is the successor in interest to the Water District; and

WHEREAS, the City and the Authority desire to enter into this First Amendment to Operating Lease Agreement in order to correct a typographical error in the Operating Lease; and

WHEREAS, pursuant to Section 7.2 of the Operating Lease, the City and the Authority reserved the right to amend the Operating Lease; and

WHEREAS, the parties hereto have agreed to amend the Operating Lease as described herein, which amendment does not adversely affect the interests of the Owners of the 2002 Bonds;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other valuable consideration, it is hereby mutually agreed as follows:

**SECTION 1. Definitions.** Unless the context otherwise requires, the capitalized terms herein which are not defined herein shall have the meanings ascribed thereto in the Operating Lease and the Trust Agreement (defined in the Operating Lease).

**SECTION 2. Amendment of Section 3.2.** Section 3.2 of the Operating Lease is amended by deleting the words "December 1, 2035" and inserting in their place the words "October 1, 2057."

**SECTION 3. No Other Amendments.** Except as expressly set forth in Section 2, above, all other provisions of the Operating Lease remain in full force and effect.

**SECTION 4. Counterparts.** This First Amendment to Operating Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]*

IN WITNESS WHEREOF, the City has caused this First Amendment to Operating Lease Agreement to be executed in its name by its duly authorized officer, and the Authority has caused this First Amendment to Operating Lease Agreement to be executed in its name by its duly authorized officer, as of the date first above written.

SAN JUAN BASIN AUTHORITY, as Lessor

By: \_\_\_\_\_  
Its: President

ATTEST:

\_\_\_\_\_  
Secretary

CITY OF SAN JUAN CAPISTRANO, as Lessee

By: \_\_\_\_\_  
Its: City Manager

ATTEST:

\_\_\_\_\_  
City Clerk



## CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed under the foregoing First Amendment to Operating Lease Agreement to the City of San Juan Capistrano, a body corporate and politic, is hereby accepted by the undersigned officer or agent on behalf of the City Council of the City of San Juan Capistrano, pursuant to authority conferred by resolution of said City Council adopted on \_\_\_\_\_, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: \_\_\_\_\_, 2013

CITY OF SAN JUAN CAPISTRANO

By: \_\_\_\_\_  
Its: City Manager

STATE OF CALIFORNIA

COUNTY OF ORANGE

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

STATE OF CALIFORNIA

COUNTY OF ORANGE

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

## **EXHIBIT A**

### **LEGAL DESCRIPTION OF THE PROPERTY**

ALL THAT CERTAIN LAND SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF ORANGE, CITY OF SAN JUAN CAPISTRANO, DESCRIBED AS FOLLOWS:

#### **PARCEL A (DANCE HALL):**

##### **LOT 1**

THAT PORTION OF LOT 60 OF TRACT NO. 103, AS SHOWN ON A MAP RECORDED IN BOOK 11, PAGES 29 THROUGH 33 INCLUSIVE, OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE LAND DESCRIBED IN BOOK 531, PAGE 251 OF DEEDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG THE SOUTHERLY LINE OF SAID LAND SOUTH 87°55'30" EAST 92.80 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID SOUTHERLY LINE SOUTH 87°55'30" EAST 169.49 FEET; THENCE NORTH 2°26'44" EAST 111.24 FEET; THENCE NORTH 87°33'16" WEST 108.59 FEET; THENCE NORTH 2°30'44" EAST 127.34 FEET; THENCE NORTH 87°29'16" WEST 60.77 FEET; THENCE SOUTH 2°30'44" WEST 239.75 FEET TO THE TRUE POINT OF BEGINNING.

##### **LOT 2**

THAT PORTION OF LOT 60 OF TRACT NO. 103, AS SHOWN ON A MAP RECORDED IN BOOK 11, PAGES 29 THROUGH 33 INCLUSIVE, OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE LAND DESCRIBED IN BOOK 531, PAGE 251 OF DEEDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG THE WESTERLY LINE OF SAID LAND NORTH 2°04'30" EAST 174.43 FEET; THENCE SOUTH 87°55'30" EAST 40.01 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 87°55'30" EAST 30.00 FEET; THENCE NORTH 2°04'30" EAST 30.00 FEET; THENCE NORTH 87°55'30" WEST 30.00 FEET; THENCE SOUTH 2°04'30" WEST 30.00 FEET TO THE TRUE POINT OF BEGINNING.

#### **PARCEL B (MARINER WELL SITE):**

THAT PORTION OF LOT 1 OF FRACTIONAL SECTION 14, TOWNSHIP 8 SOUTH, RANGE 8 WEST, SAN BERNARDINO MERIDIAN, DESCRIBED AS FOLLOWS:

A 40.00 FOOT WIDE STRIP OF LAND, THE WESTERLY LINE OF WHICH IS DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LOT F OF TRACT NO. 7616 AS PER MAP FILED IN BOOK 350, PAGES 1 THROUGH 5 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG THE EASTERLY LINE OF SAID LOT F SOUTH 6°46'00" WEST 61.06 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID EASTERLY LINE SOUTH 6°46'00" WEST 40.00 FEET.

**PARCEL C (WELL NO. 1):**

PARCEL B, AS SHOWN ON EXHIBIT "B" ATTACHED TO LOT LINE ADJUSTMENT NO. 02-15858-13 RECORDED NOVEMBER 15, 2002 AS INSTRUMENT NO. 2002001029016 OF OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA.

EXCEPTING THEREFROM ALL OIL RIGHTS, MINERAL RIGHTS, NATURAL GAS RIGHTS AND RIGHTS TO ALL OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN TO ALL GEOTHERMAL HEAT AND TO ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING AND THE PERPETUAL RIGHT OF DRILL, MINE, EXPLORE AND OPERATE FOR AND TO PRODUCE, STORE AND REMOVE ANY OF THE SUBSURFACE RESOURCES ON OR FROM THE LAND INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN THE LAND, WELLS, TUNNELS AND SHAFTS INTO THROUGH OR ACROSS THE SUBSURFACE OF THE LAND AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS WITHIN OR BEYOND THE EXTERIOR LIMITS OF THE PROPERTY AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS OR MINES BUT WITHOUT THE RIGHT TO DRILL, MINES, EXPLORE, OPERATE, PRODUCE, STORE OR REMOVE ANY OF THE SUBSURFACE RESOURCES THROUGH OR IN THE SURFACE OR THE UPPER FIVE HUNDRED FEET (500') OF THE SUBSURFACE OF THE LAND AS RESERVED BY KB HOME COASTAL INC., A CALIFORNIA CORPORATION IN THE DEED RECORDED JULY 9, 2002 AS INSTRUMENT NO. 20020569988 OF OFFICIAL RECORDS.

**PARCEL D (WELL NO. 2):**

THOSE PORTIONS OF LOT B OF TRACT NO. 15998, IN THE CITY OF SAN JUAN CAPISTRANO, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 820, PAGES 42 THROUGH 47 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND THE LAND SHOWN AS "NOT A PART" WITHIN SAID LOT B ON SAID MAP, BEING A STRIP OF LAND, 20.00 FEET WIDE, THE EASTERLY LINE OF WHICH IS DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT B; THENCE ALONG THE EASTERLY LINE OF SAID LOT B SOUTH 00°20'50" WEST 95.00 FEET TO THE SOUTHEAST CORNER OF SAID LOT B.

THE WESTERLY LINE OF SAID STRIP SHALL BE PROLONGED OR SHORTENED SO AS TO COMMENCE AND TERMINATE IN THE NORTHERLY AND SOUTHERLY LINES OF SAID LOT B.

**PARCEL E (WELL NO. 4):**

LOT E OF TRACT NO. 15998 IN THE CITY OF SAN JUAN CAPISTRANO, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 820, PAGES 42 THROUGH 47 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM, THE SOUTHEASTERLY 15.00 FEET OF SAID LOT.

**PARCEL F (KINOSHITA):**

BEGINNING AT THE NORTHEAST CORNER OF TRACT NO. 11086, AS PER MAP FILED IN BOOK 479, PAGES 26 TO 31 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG THE CENTERLINE OF CAMINO DEL AVION NORTH 88°45'27" WEST 28.52 FEET; THENCE NORTH 00°48'04" WEST TO A POINT WHICH IS 1.00 FOOT NORTHERLY OF THE CENTERLINE OF CAMINO DEL AVION, MEASURED AT RIGHT ANGLES AND 28.50 FEET WESTERLY OF THE EASTERLY CENTERLINE OF ALIPAZ STREET MEASURED AT RIGHT ANGLES, AS SHOWN ON SAID MAP, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE PARALLEL WITH THE CENTERLINE OF SAID CAMINO DEL AVION NORTH 88°45'27" WEST 40.00 FEET; THENCE NORTH 25°52'46" EAST 89.03 FEET TO A POINT WHICH IS 28.50 FEET WESTERLY OF THE EASTERLY CENTERLINE OF SAID ALIPAZ STREET, MEASURED AT RIGHT ANGLES; THENCE PARALLEL WITH SAID EASTERLY CENTERLINE SOUTH 00°48'04" EAST 80.97 FEET TO THE TRUE POINT OF BEGINNING.

**PARCEL G: (TIRADOR):**

THAT PORTION OF LOT 31 OF TRACT NO. 103 IN THE CITY OF SAN JUAN CAPISTRANO, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 11, PAGES 29 THROUGH 33 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID LOT 31; THENCE ALONG THE NORTHERLY LINE OF SAID LOT NORTH 89°02'56" WEST 127.69 FEET TO A POINT THAT IS 40.00 FEET SOUTHEASTERLY MEASURED AT RIGHT ANGLES FROM THE CENTERLINE OF PASEO TIRADOR AS SHOWN ON THE AMENDED DIAGRAM OF ASSESSMENT DISTRICT NO. 78-3 FILED IN BOOK 19, PAGES 14 THROUGH 22 OF ASSESSMENT MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE PARALLEL WITH SAID CENTERLINE SOUTH 47°54'43" WEST 43.95 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 47°54'43" WEST 40.00 FEET; THENCE SOUTH 42°05'17" EAST 40.00 FEET; THENCE NORTH 47°54'43" EAST 40.00 FEET; THENCE NORTH 42°05'17" WEST 40.00 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS, AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER THE PARCEL OF LAND HEREINABOVE DESCRIBED, TOGETHER WITH THE PERPETUAL RIGHT OF

DRILLING, MINING, EXPLORING, AND OPERATING THEREFOR, AND REMOVING THE SAME FROM SAID LAND OR ANY OTHER LAND, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN THOSE HEREINABOVE DESCRIBED, OIL OR GAS WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS UNDER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS OR MINES, WITHOUT, HOWEVER, THE RIGHT TO DRILL, MINE, STORE, EXPLORE AND OPERATE THROUGH THE SURFACE OR THE UPPER 100 FEET OF THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED OR OTHERWISE IN SUCH MANNER AS TO ENDANGER THE SAFETY OF ANY HIGHWAY THAT MAY BE CONSTRUCTED ON SAID LAND, AS RESERVED IN THE DEED FROM CARL L. STROSCHEIN AND OTHERS, RECORDED FEBRUARY 15, 1955 IN BOOK 2959, PAGE 307 OF OFFICIAL RECORDS.