

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

33129 Cole Grade Road
Pauma Valley, CA 92061
PHONE: (760) 742-1909 | FAX: (760) 742-1588

**REGULAR MEETING
SUPPLEMENTAL MATERIALS PACKET**

DATE: Monday, June 22nd, 2026
TIME: 10:00 AM – **Open Session**
VENUE: Board Room, Pauma Valley Community Services District
33129 Cole Grade Road, Pauma Valley, CA 92061

Pauma Valley Community Services District Mission

“The mission of the Pauma Valley Community Services District is to protect the public health and environment of its community by providing effective wastewater management and stormwater drainage control, life safety assistance, security services, and exceptional customer care.”

PAUMA VALLEY COMMUNITY SERVICES DISTRICT
Minutes of a Regular Meeting of the Board of Directors

Held on May 26th, 2026

Directors Present: Fred Nelson, Richard Collins, Michael Esparza, and Zan Villanueva
Directors Absent: Lolo Levy
Staff Present: General Manager Eric Steinlicht, Office Manager Marissa Fehling, and Administrative Assistant Maritza Chaloux
Also Present: Barry Willis with LAFCO, James Fischer with Fischer Compliance, LLC via Zoom, and Jefferey Morris of DPMC

1. Call to Order: The Regular Meeting was called to order at 10:00 a.m. by Director Nelson
2. Pledge of Allegiance: The Pledge of Allegiance was led by General Manager Steinlicht.
3. Roll Call: Office Manager Fehling conducted roll call and confirmed that a quorum was present.
4. Approval of the Agenda: The agenda was reviewed. No changes to the agenda were requested in the meeting notes.
5. Public Comment Period:
Barry Willis addressed the Board regarding LAFCO matters and regional agricultural concerns.

– CONSENT ITEMS –

Items 6-14 appearing on the Consent Calendar may be voted on by a single motion. Items shall be removed from the Consent Calendar if any member of the Board of Directors or public requests removal prior to a vote on a motion to approve the items. Such items removed will be considered separately for action by the Board.

6. Minutes of the Regular Board Meeting on March 23rd, 2026
7. Minutes of the Special Board Meeting on March 24th, 2026
8. Review of Variance Report, Balance Sheet, Revenue and Expense Report
9. Accounts Receivable Report
10. Security Division Report
11. Reinstatement of the Loan Agreement with Collective Sun for the Solar Project
12. Resolution Number One Hundred and Thirty-Seven: Local Agency Formation Commission (LAFCO) Authorizing Parcel Annexations and Service Boundary Adjustments
13. Resolution Number One Hundred and Thirty-Eight: Cost-of-Living Adjustment for Fiscal Year 2027
14. Resolution Number One Hundred and Thirty-Nine: Formal Adoption of January 1st, 2026, Salary Schedule

Director Nelson pulled item No. 11 for separate discussion. The Board approved the remaining Consent Calendar Items 6-10 and 12-14.

Motion: Approve Consent Calendar Items 6-10 and 12-14.

Result: Approved (Unanimous)

Moved by: Director Esparza

Seconded by: Director Nelson

Regarding Item No. 11, the Board discussed the reinstatement and modification of the Collective Sun loan agreement associated with completion of the Solar Project. It was clarified that the original loan would be reactivated and adjusted due to increased project costs, including an SDG&E transformer upgrade. The Board approved Item No. 11 separately.

Motion: Approve Consent Calendar Item 11, Reinstatement of the Loan Agreement with Collective Sun for the Solar Project.

Result: Approved (Unanimous)

Moved by: Director Nelson

Seconded by: Director Collins

– ACTION ITEMS –

15. Sewer System Management Plan (SSMP) Proposal Acceptance for Required Update

The Board of Directors will consider approving a proposal associated with updating the District’s SSMP satisfying a regulatory deadline and required elements that must be addressed in the specific update.

Staff Recommendation:

1. Approve the Fischer Compliance, LLC proposal for Fiscal Year 2027.
2. Discuss and take action as appropriate.

The Board considered proposals for the required SSMP update due by August 2, 2026. General Manager Steinlicht and James Fischer discussed the regulatory deadline, the need to replace the current lengthy plan with a more usable document, and the training component included in the Fischer Compliance LLC proposal. The Fischer Compliance proposal was discussed as the lower-cost proposal and included regular staff training, online regulatory review, and in-person emergency drills. The Board also discussed the possibility of inviting the local fire department and Rancho Pauma Water Company to future training drills for improved inter-agency coordination.

Motion: Approve the Fischer Compliance, LLC proposal for the required SSMP update.

Result: Approved (Unanimous)

Moved by: Director Esparza

Seconded by: Director Villanueva

– DISCUSSION ITEMS –

16. Pauma Valley Country Club Equivalent Dwelling Unit (EDU) Assignment

The Board discussed the Country Club’s request for a possible downward adjustment to its EDU assignment. The Board reviewed the prior consultant-based calculation methodology and discussed that EDU assignments must be based on maximum potential capacity rather than average use. It was clarified that any recent adjustment was a recalculation based on verified seating counts and not a discount or deviation from the established formula.

17. Chain of Command and Board Director Communication Protocols

President Nelson discussed the importance of maintaining formal procedures, respecting chain-of-command expectations, and ensuring that changes to staff or Director responsibilities are properly documented and brought back through the Board process when needed.

18. Long-Range Financial Plan Coordination and Strategic Plan Initiatives

The Board discussed long-range financial plan coordination and the role of the Treasurer and advisory input. Treasurer Levy offered to assist with the long-range financial plan, and the Board discussed using an ad hoc advisory approach while maintaining staff responsibility for preparation and implementation.

19. **Radio Frequency Identification Device (RFID) Policy Implementation, Communication, and Schedule**
The Board discussed RFID policy implementation, gate access practices, and vendor/contractor access. The Board discussed concerns with checking member insurance at the gate, including practicality, traffic impacts, and legal risk, and reached consensus that insurance checks should not be performed at the gate. The Board also discussed contractor management, potential use of the back gate, gate-specific RFID access, vendor accounts, and the need to revisit vendor liability provisions. Office Manager Fehling will review whether RFIDs can be programmed to restrict access to a specific gate and will investigate options for placing vendors under their own accounts. Ordinance 55 and vendor liability provisions will be brought back for future Board discussion.
20. **Homeowners Association one: Walkway Improvement, Administrative Support Request, and Direction to Staff**
The Board discussed HOA-related requests and the District's current practice of providing uncompensated administrative assistance to Roadway and other homeowner associations, including email notices and property-owner list requests. The Board also received an update that the HOA walkway improvement proposal was declined due to liability concerns, resulting in no further action on that project. The Board discussed that uncompensated administrative assistance is not sustainable and that a reasonable policy or fee structure should be considered.
21. **Rancho Pauma Mutual Water Company Ad-Hoc Committee Update**
The Board discussed the status of property and lease-related matters involving Rancho Pauma Mutual Water Company, including safety and access concerns associated with chlorine gas storage and emergency response access. The Board discussed that the matter should be reviewed with legal counsel before further action is taken. The matter was referred for discussion with legal counsel in Closed Session.
22. **Security Division Ad-Hoc Committee Update**
The Board received updates related to Security Division matters, including gate operations, contractor access, and communication practices addressed under the RFID and HOA discussion items.
23. **Local Agency Formation Commission Annexation Efforts Status Update**
General Manager Steinlicht and the Board discussed the status of LAFCO annexation efforts and the unexpected increase in costs for required legal descriptions and mapping. The Board discussed whether existing official county legal descriptions could be used to reduce or avoid additional survey expenses. Staff will continue to investigate cost-saving options, including whether existing legal descriptions may be used. General Manager Steinlicht will investigate the process, capacity, and requirements for potential sphere-of-influence expansion north of Highway 76 and report back to the Board.
24. **District Transparency Certificate of Excellence Status Update**
The Board received an update that the District's transparency review process had been completed and would be submitted to CSDA.

– ACTION ITEMS –

25. **Emergency Sewer Mainline Repair**
The Board of Directors will consider the available proposals to repair a section of the sewer mainline resulting from chunks of asphalt illegally discharged into the system.

Staff Recommendation:

Discuss and take action as appropriate.

The Board considered emergency repairs for a sewer mainline on Spring Valley Road after a 3-4 foot section of pipe was found blocked with asphalt. The Board discussed unsuccessful clearing attempts, preservation of evidence, potential responsibility by outside contractors or public agencies, and the need to pursue reimbursement from the responsible party. The Board reviewed the available bids and discussed the Super Stormers proposal.

Motion: Approve an emergency repair contract with Sewer Stormers for the sewer mainline repair.
Result: Approved (Unanimous)
Moved by: Director Esparza
Seconded by: Director Collins

26. Annual Public Hearing for the Recruitment and Retention Efforts Report

The Board of Directors will conduct a Public Hearing pursuant to Assembly Bill Number 2561 to review the District's current employment vacancies and retention strategies.

Staff Recommendation:

1. Conduct a Public Hearing
2. Receive and file the report on Recruitment and Retention Efforts.
3. Discuss and take other action as appropriate

The Board conducted the annual public hearing pursuant to Assembly Bill 2561 to review current employment vacancies and retention strategies. The Board received and filed the Recruitment and Retention Efforts Report.

Motion: Receive and file the Recruitment and Retention Efforts Report.
Result: Approved (Unanimous)
Moved by: Director Esparza
Seconded by: Director Collins

27. Employee Handbook Policy Revisions

These updates include revisions to the "Meal" and "Rest Period" sections, new compensation language for administrative staff members who obtain and maintain their professional "Notary" license, and language that fairly compensates on-call Utility staff when managing wastewater operations remotely via Supervisory Control and Data Acquisition (SCADA).

Staff Recommendation:

1. Approve the Employee Handbook Policy Revisions.
2. Discuss and take other action as appropriate.

The Board considered revisions to the Employee Handbook, including updates to meal and rest period sections, compensation language for administrative staff maintaining a professional notary license, and on-call compensation language for Utility staff managing wastewater operations remotely through SCADA.

Motion: Approve the Employee Handbook Policy Revisions.
Result: Approved (Unanimous)
Moved by: Director Esparza
Seconded by: Director Collins

28. Preliminary Fiscal Year 2027 Draft Budget

The Board of Directors will consider the preliminary draft budget prior to its formal adoption in June of 2026.

Staff Recommendation:

1. Receive and file the Preliminary Fiscal Year 2027 Draft Budget.
2. Provide alternative direction to staff, if any.
3. Discuss and take action as appropriate.

The Board reviewed the Preliminary Fiscal Year 2027 Draft Budget. The Board discussed adding employee dental coverage to the formal budget for consideration in June and including additional LAFCO annexation costs so the project may move forward when funded.

Motion: Receive and file the preliminary Fiscal Year 2027 Draft Budget.
Result: Approved (Unanimous)
Moved by: Director Esparza
Seconded by: Director Collins

29. General Manager's Job Description Amendment

The Board of Directors will consider approving an update to the General Manager's Job Description.

Staff Recommendation:

Discuss and take action as appropriate.

The Board considered an amendment to the General Manager's job description. The discussion clarified the hands-on nature of the General Manager role and the expectation that the General Manager respond operationally when necessary.

Motion: Approve the amendment to the General Manager's job description.
Result: Approved (Unanimous)
Moved by: Director Esparza
Seconded by: Director Collins

30. Audit Firm Engagement for Fiscal Year 2026

The Board of Directors will consider approving the Audit Engagement Letter prepared by Nigro and Nigro to continue providing the District auditing services covering the Fiscal Year 2026.

Staff Recommendation:

1. Approve the Nigro and Nigro Audit Engagement Letter.
2. Discuss and take action as appropriate.

The Board considered the Audit Engagement Letter prepared by Nigro and Nigro for Fiscal Year 2026 auditing services.

Motion: Approve Nigro and Nigro Audit Engagement Letter for Fiscal Year 2026.
Result: Approved (Unanimous)
Moved by: Director Nelson
Seconded by: Director Esparza

– INFORMATIONAL ITEMS –

31. General Manager's Report

General Manager Steinlicht provided his report. A live demonstration of the new SCADA system was provided, including VPN security, lift station and pump monitoring, performance analytics, and system usability. Future SCADA-related improvements were discussed

32. Miscellaneous Items

- A. Requested Items for future agendas (Directors and Staff Only)
 - a) Salary and Total Compensation Study (In Progress)
 - b) Critical Spare Part Inventory/Replacement Program and Computerized Maintenance Management System (CMMS) (In Progress)
 - c) Employee Satisfaction Survey (In Progress)
- B. Next Regular Meeting of the Board:
 - a) Monday, June 22nd, 2026, at 10:00 AM

– CLOSED SESSION –

33. The Board of Directors Will Meet in a Closed Session to Discuss:
- A. CONFERENCE WITH LEGAL COUNSEL
Existing Litigation
Pursuant to Government Code Section 54956.9(d)(1)
Rancho Pauma Mutual Water Company vs Pauma Valley Community Services District
(San Diego Superior Court Case No. 37-2023-00038164-CU-BC-NC)
 - B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to Government Code Section 54956.8 Property: 33129 Cole Grade Road, Pauma Valley, CA 92061 (Former CHP Office) Agency Negotiators: President, Fred Nelson and Vice President Rich Collins
Negotiating Parties: Rancho Pauma Mutual Water Company Negotiation: Price, terms of payment and/or conditions
 - C. CONFERENCE WITH LEGAL COUNSEL
Potential/Threatened/Anticipated Litigation
Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(b)
(Four (4) Matters)

The Board entered closed session at 12:20 p.m.

34. Open Session
A. Reportable Actions.

The Board reconvened to open session at 1:41 p.m. with no reportable actions.

35. Solar Project Completion, Final Acceptance, Followed by Ribbon Cutting Ceremony
The Board of Directors will consider authorizing final acceptance of the District's Solar Project.

Staff Recommendation:

1. Authorize final acceptance.
2. Discuss and take other action as appropriate.

The Board considered final acceptance of the District's Solar Project. The Board discussed project completion, loan reinstatement matters previously addressed under the Consent Calendar, and final closeout of the project.

Motion: Authorize final acceptance of the District's Solar Project.

Result: Approved (Unanimous)

Moved by: Director Collins

Seconded by: Director Esparza

36. Adjournment
With nothing further to discuss, the meeting adjourned at 1:45 p.m.

Marissa Fehling

Marissa Fehling, Recording Secretary

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Financial Statement Analysis

May 2026 – Unaudited

This report reflects the District's financial performance for May 2026 and for the fiscal year through May 31, 2026, compared with the amended budget.

Overall, May was another positive operating month, with net income of \$20,375. The favorable monthly result was supported by continued strong service charge revenues, lease income, and other operating revenues. As of May 31, 2026, the District's year-to-date net loss has improved to (\$18,509), compared to (\$38,517) at April 30, 2026. While certain expenditures continue to exceed budget, particularly SCADA modernization and Professional Services, the District's financial position continues to improve due to strong operating revenues and grant reimbursement activity.

Revenues

Line 1 – Sewer Charges: – Monthly invoicing is based on strength of use and varies by tax area. Base charges are assessed for 444.11 EDUs in the tax area and 25.48 EDUs in the out-of-tax area. Use charges are billed by strength category: Domestic (377.76 EDUs), Low Strength (26.98 EDUs), Medium Strength (19.71 EDUs), and High Strength (34.57 EDUs).

- *May revenue totaled \$61,830, remaining consistent with prior months under the updated rate structure.*
- *YTD revenue totals \$601,021, representing approximately 89% of the annual budget.*

Line 2 – Security Patrol Charges: 408.26 EDUs invoiced monthly.

- *May revenue totaled \$63,970.*
- *YTD revenue totals \$655,906, representing approximately 91% of budget.*

Line 3 – Security Gate Charges- 375 EDUs invoiced monthly.

- *May revenue totaled \$46,661, consistent with prior months.*
- *YTD revenue totals \$506,681, representing approximately 92% of budget.*

Line 4 – Property Tax includes tax revenue assessed by San Diego County. Revenue is not received evenly, with larger distributions in December and April.

- *YTD revenue totals \$144,635, slightly exceeding the annual budget because property tax revenue was originally budgeted lower than the amount ultimately received from the County.*

Line 5 – Interest Five Star Bank interest earnings are netted against monthly bank service fees of roughly \$500 a month, resulting in minimal net interest activity.

Line 6 – RPMWC Lease- Includes monthly rental income from RPMWC for the old CHP Building usage.

- *YTD lease revenue totals \$37,500, exceeding the annual budget due to continued consistent lease payments.*

Line 7 – Admin Services- Includes various administrative services that may arise, such as the sale of mailbox keys, notary services, and PVRA administrative services.

- *YTD revenue totals \$1,545.*

Line 8 – Grant Revenue – SLCGP CyberSec- Includes grant reimbursement revenue. No grant revenue was received in January, compared to \$34,043 in December.

- *YTD grant revenue totals \$43,006, offsetting a portion of cybersecurity, IT, and SCADA-related expenditures.*

Line 9 – Other Revenue- Includes escrow transfer fees, land lease payments, and RFID sales.

- *YTD other revenue totals \$31,716, significantly exceeding the annual budget of \$8,520 due to increased activity and reimbursements received during the fiscal year.*

Expenses

Salaries and Benefits

Line 12 – Salaries Employee salaries include all staff compensation.

- *YTD salaries total \$900,081 and remain within budget.*

Line 13 – Health Insurance includes health insurance, life insurance, and HRA provided to employees.

- *YTD expenditures total \$91,839, remaining under budget due to several employees electing to opt out of the District's health insurance coverage.*

Line 14 – Payroll Taxes reflects employer-paid payroll taxes.

- *YTD expenditures total \$69,784, remaining within budget.*

Line 15 – PERS includes employer contributions to CalPERS retirement.

- *YTD expenditures total \$94,241, slightly exceeding budget due to CalPERS rate adjustments and payroll allocation timing.*

Line 16 – Uniforms are provided to the employees for required work attire and reimbursements. Provided as needed for staff.

Line 17 – Workers' Comp. Ins- Includes expenses for Worker's Compensation insurance premiums for all employees and Board of Directors.

Operations & Administrative Expenses

Line 18 – Dwelling Live- Includes services for gate access management, resident access via RFID, mobile app access, security features such as incident reporting, and visitor history tracking.

Line 19 – Electricity- Reflects utility expenses across all district facilities, including treatment plants, district building, and security gates.

- *YTD expenditures total \$66,858, slightly exceeding budget due to increased utility rates and operational demand earlier in the fiscal year.*
- *The District completed its solar project during the fiscal year. As of May 31, 2026, utility invoices for the*

District office had not yet been received due to utility account changes associated with the solar installation.

Line 20 – Liability Insurance- Includes the cost to protect the district from claims related to others' bodily injury, property damage, and more.

Line 21 – Miscellaneous- Small, irregular expenses not categorized elsewhere.

Line 22 – Telephones- Includes costs for employee cell phone reimbursement, Patrol duty phone, District phone lines and internet services.

Line 23 – Postage- Includes amounts related to mailing expenses.

Line 24 – Operator Contract Services- Contracted treatment plant operations.

- *May expenditures included both April and May operator service invoices, resulting in higher-than-normal monthly expenses.*
- *YTD expenditures total \$94,740 and remain within budget.*

Line 25 – Oak Tree Repair & Maintenance includes routine/preventative repairs and maintenance to current and future assets. No expenses incurred year-to-date.

Line 26 – Sewer line Maintenance- Covers costs for maintaining the sewer lines to ensure proper functioning and prevent blockages. Monthly rental fee to RPMWC for 2" construction meter.

- *Year 4 scheduled sewer line cleaning was completed in April as part of the District's ongoing preventative maintenance program.*
- *Additional hotspot cleaning services were performed within the PVCC area, with related costs expected to be reimbursed by PVCC, which will reflect under other revenue.*
- *YTD expenditures total \$48,964 and remain within budget expectations.*

Line 27– Sludge Removal- Covers transportation, treatment, and disposal of sludge per regulatory requirements.

- *Sludge removal services were performed during the month of May as part of the District's ongoing wastewater treatment operations.*

Line 28 – SCADA- Covers costs related to the Supervisory Control and Data Acquisition system.

- *YTD expenditures total \$133,330, significantly exceeding the annual budget.*
- *These expenditures are associated with modernization efforts and cybersecurity improvements, a portion of which are eligible for reimbursement through the SLCGP grant program.*
- *During the fiscal year, the District received \$28,480 in grant reimbursement revenue specifically related to SCADA modernization expenses.*
- *The District recently submitted an additional \$63,874 to the SLCGP grant program for reimbursement of eligible SCADA project expenditures*
- *The District continues to experience timing differences between expense recognition and grant reimbursement revenue.*

Line 29 – Plant Repairs & Maintenance – Other includes routine/preventative repairs and maintenance to current and future assets. Expenses within this line item include Fallbrook Oil, EDCO trash services, pest control services, weed abatement, and other plant-related operational expenses.

- *YTD expenditures remain within budget. March and April expenses also included impeller repairs, maintenance supplies, compressor repairs, compressor sensor replacements, and weed abatement services.*

Line 29 – Solar System Maintenance – includes maintenance costs associated with the District's solar energy system.

- *May expenditures included professional solar panel cleaning services performed to maintain system efficiency and performance.*
- *YTD expenditures total \$990.*

Line 30 – Plant Repairs & Maintenance Other – Routine upkeep of district facilities.

Line 31 – Building Repairs & Maintenance – Routine upkeep of district facilities.

Line 32 – Gate Repairs & Maintenance includes routine/preventative repairs and maintenance to the gate access assets. This is on an as-needed basis and can trend over or under budget.

- *Expenses continue to fluctuate based on operational repair needs but remain within budget.*

Line 33 – Repairs & Maintenance - Other- Covers miscellaneous repairs and maintenance not categorized elsewhere. No expenses incurred year-to-date.

Line 34 – Office Supplies- Covers the expenses for essential office supplies required for the day-to-day operations of the organization.

- *Includes essential office and administrative supplies necessary for District operations, annual QuickBooks software expenses, and job opening advertisement costs.*

Line 35 – Utility Shop Supplies- Includes expenses related to necessary supplies for the utility worker operations.

Line 36 – Security Supplies- Security supplies include operational materials required for effective patrol services. Expenses are incurred as needed and may vary from month to month.

Line 37 – Gate Supplies- Expenses related to gate access system upkeep.

Line 38 – Vehicles- Includes routine vehicle maintenance and lease payments.

- *May expenditures included repairs to a District vehicle, including replacement of the air conditioning compressor and passenger-side headlight assembly, as well as the monthly Tesla vehicle lease expense.*
- *YTD expenditures total \$20,852, slightly exceeding the annual budget.*

Line 39 – Drainage- Expenses include weed abatement, engineering services for property ownership confirmation, and storm drain clearance.

- *May expenditures included emergency sewer jetting and CCTV inspection services.*
- *YTD expenditures total \$22,095 and remain below the annual budget allocation.*

Line 40 – State Maintenance Fee- Includes compliance costs for treatment plant operations.

- *The annual State Maintenance Fee was paid in November, resulting in 100% utilization of the annual budget. No additional charges are expected for the remainder of the fiscal year.*

Line 41 – Water Tests & Analysis- Required lab testing for regulatory compliance.

Line 42 – Fees include various miscellaneous fees incurred by the District, including membership dues for the California Special Districts Association (CSDA), fees associated with the Local Agency Formation Commission (LAFCO), and permit fees associated with waste and generators.

- *YTD expenditures total \$14,895 and are consistent with annual fee payment timing. No additional significant fees are anticipated for the remainder of the fiscal year.*

Line 43 – Engineering – Engineering services as needed.

- *May expenditures reflect engineering services provided by Carollo Engineers under the Board-approved professional services agreement.*
- *YTD expenditures total \$18,407, exceeding budget by approximately \$3,407.*

Line 44 – Professional Services- Includes expenses for IT services and other external professional support.

- *YTD expenses total \$78,630, exceeding the annual budget by approximately \$22,630, due to completion of the Cost of Service Analysis.*
- *The unfavorable variance is primarily attributable to completion of the Cost of Service Analysis and increased IT/cybersecurity support services.*
- *During the fiscal year, the District received \$14,526 in grant reimbursement revenue to offset eligible professional service expenses, including VC3 IT training services and grant administrative costs.*
- *A portion of additional professional service expenditures is expected to be offset through future grant reimbursement revenue.*

Line 45 – Pre-employment Gates- Costs for pre-employment drug screening.

Line 46 – Schools & Meetings- Covers expenses associated with providing educational opportunities, professional development for our staff to excel in their roles, and work-related lunch or holiday gatherings.

Line 47 – Strategic Plan expenses related to developing and implementing the District’s long-term Strategic Plan. No expenses incurred year-to-date.

- *YTD expenditures total \$20,000, representing full utilization of the approved budget allocation. The Strategic Plan project has been completed.*

Line 48 – Audit includes costs related to the annual financial audit and preparation.

- *YTD expenditures are substantially complete and aligned with budget expectations.*

Line 49 – Accounting- Includes costs for contracted accounting services.

Line 51 – Legal- Includes the costs of legal services.

Net Revenue / (Expense)

For the period ending May 31, 2026, the District reports a YTD net loss of (\$18,509), an improvement of approximately \$20,008 from the prior month.

Primary factors contributing to the variance include:

- SCADA modernization and cybersecurity expenditures totaling \$137,330, which are eligible for reimbursement through the SLCGP grant but continue to create timing differences between expense recognition and reimbursement revenue;

- Professional Services exceeding budget due to completion of the Cost of Service Analysis and increased IT/cybersecurity support services;
- Property tax, lease revenue, and other revenue sources performing above budget expectations;
- Strong operating revenue performance under the updated rate structure.

*** The implementation of new rates has continued to strengthen operating revenues during the fiscal year and improve the District's overall financial position. With the amended budget in place and pending grant reimbursements, management anticipates the year-to-date net loss will continue to decrease and trend closer to budget expectations by fiscal year-end.*

**Pauma Valley Community Service District
Budget to Actual (Unaudited)
For the Period May 31, 2026**

		May 2026	YTD	Budget	\$ (Over)/Under Budget
Operating Revenue					
1	Sewer Charges	\$ 61,830	\$ 601,021	\$ 673,490	\$ 72,469
2	Security Patrol Charges	63,970	655,906	719,866	63,960
3	Security Gate Charge	46,661	506,681	553,388	46,707
4	Property Tax	4,834	144,635	138,600	(6,035)
5	Interest	7	35	-	(35)
6	RPMWC Lease	3,750	41,250	34,544	(6,706)
7	Admin Services	45	1,545	-	(1,545)
8	Grant Revenue	-	43,006	-	(43,006)
9	Other Revenue	955	31,716	8,520	(23,196)
10					
11	Total Operating Revenue	182,053	2,025,795	2,128,408	102,613
Expense					
Salaries and Benefits					
12	Salaries	75,846	900,081	956,600	56,519
13	Health Insurance	5,756	91,839	108,700	16,861
14	Payroll Taxes	5,618	69,784	81,400	11,616
15	PERS	8,488	94,241	111,000	16,759
16	Uniforms	480	1,259	2,500	1,241
17	Workers' Comp. Ins	2,078	23,369	25,500	2,173
	Total Salaries & Benefits	98,266	1,180,573	1,285,700	105,169
Operations & Administrative Expenses					
18	Dwelling Live	896	9,487	10,500	1,013
19	Electricity	360	66,858	65,000	(1,858)
20	Liability Insurance	1,196	50,886	64,020	13,134
21	Miscellaneous	29	558	2,502	1,944
22	Telephones	744	7,265	10,000	2,735
23	Postage	604	4,831	4,900	69
24	Operator Contract Services	17,400	89,700	97,020	7,320
25	Oak Tree Repair & Maint.	43	43	5,000	4,957
26	Sewer line maintenance	243	49,207	50,000	793
27	Sludge Removal	5,040	16,800	15,000	(1,800)
28	SCADA Maintenance	4,000	137,330	1,000	(136,330)
29	Solar System Maintenance	990	990	-	(990)
30	Plant Repairs & Maintenance - Other	811	36,599	40,000	3,401
31	Building Repairs & Maintenance	1,209	14,257	16,000	1,743
32	Gate Repairs & Maintenance	-	34,999	40,000	5,001
33	Repairs & Maintenance - Other	-	-	10,000	10,000
34	Office Supplies	2,287	29,848	30,000	152
35	Utility Shop Supplies	-	1,594	1,500	(94)
36	Security Supplies	54	3,724	5,000	1,276
37	Gate Supplies	79	6,260	5,000	(1,260)
38	Vehicles	4,387	20,852	20,000	(852)
39	Drainage	6,880	22,095	30,000	7,905
40	State Maint. Fee	-	32,150	32,150	-
41	Water Tests & Analysis	-	5,822	10,000	4,178
42	Fees	(73)	14,776	16,000	1,224
43	Engineering	9,859	18,407	15,000	(3,407)
44	Professional Services	488	79,368	56,000	(23,368)
45	Pre-employment Gates	-	117	300	183
46	Schools & Meetings	284	8,765	10,000	1,235
47	Strategic Plan	-	20,000	20,000	-
48	Audit	-	10,970	11,200	230
49	Accounting	2,475	37,082	50,000	12,918
50	9000 - Capital Transfer	-	5,940	-	(5,940)
51	Legal	3,128	26,153	40,000	13,847
	Total Expense	63,412	863,731	783,100	(73,709)
	Net Revenue / (Expense) Before Capital	20,375	(18,509)	59,608	71,153
	Capital				
52	Total Expense From Capital	-	-	-	-
53	Net Revenue / (Expense)	20,375	(18,509)	59,608	71,153

Pauma Valley Community Service District
Balance Sheet (Unaudited)
As of May 31, 2026

ASSETS		
	Cash/Investment	
1	Cash	303,890
2	LAIF	698
3	Petty Cash	368
4	LAIF Fair Market Value	1
	Total Cash/Investments	304,956
	Accounts Receivable	
5	Dues Receivable	24,880
6	Accounts Receivable	1,807
	Total Accounts Receivable	26,687
	Other Current Assets	
7	Due from RPMWC	19,327
8	Allowance Account	4,944
9	Prepaid Insurance	12,082
10	Prepaid Solar Rooftop Lease	21,250
	Payroll Asset	-
	Total Other Current Assets	59,245
	Fixed Assets, Net	2,419,588
	Other Assets	
11	Investment in USLRGMA	(2)
12	Deferred Outflows - Contributions	79,996
13	Pension Related	390,954
14	Total Other Assets	470,948
	TOTAL ASSETS	\$ 3,281,424
LIABILITIES		
15	Current Liabilities	
16	Accounts Payable	238
17	HRA Payable	23,539
18	PERS Vacation Liability	(173)
19	Accrued State Payroll Taxes	24
20	Health Payable	283
21	Principal Payable	(327)
22	AFLAC Payable	470
23	Compensated Absences	54,474
24	LAFCO Annex Fees Pass-Through	11,868
	Total Current Liabilities	90,396
	Long Term Liabilities	
25	Net Pension	235,038
26	Deferred Inflows - Pensions	605,358
	Total Long Term Liabilities	840,396
	TOTAL LIABILITIES	930,792
	Fund Balance	
27	Retained Earnings	2,369,141
28	Net Income	(18,509)
	Total Fund Balance	2,350,632
	TOTAL LIABILITIES & FUND BALANCE	\$ 3,281,424

PV COMMUNITY SERVICES DISTRICT
Vendor Check Payments Over 5k
MAY-2026

Type	Date	Name	Memo	Account	Paid Amount
				105-FS Checking	
Bill Pmt -Check	05/15/2026	Calpers	PERS for 4/24/26 Pay date PEPR	203.5- Pers Payable	-5,463
			PERS for 4/24/26 Pay date CLASSIC	203.5- Pers Payable	-825
	05/28/2026	Calpers	PERS for 5/8/2026 Pay date PEPR	203.5- Pers Payable	-4,946
			PERS for 5/8/2026 Pay date CLASSIC	203.5- Pers Payable	-825
	05/28/2026	Calpers	PERS for 5/22/2026 Pay date PEPR	203.5- Pers Payable	-4,697
			PERS for 5/22/2026 Pay date CLASSIC	203.5- Pers Payable	-825
TOTAL					<u>-17,581</u>
Bill Pmt-Check	05/12/2026	Carollo	Services Rendered through April 30-2026	105-FS Checking	
TOTAL				816- Engineering	<u>-9,859</u>
					-9,859
Bill Pmt-Check	5/15/2026	Hub International Insurance	Earthquake Policy 2026-27	105-FS Checking	
				717-Plant Liability	-9,624
				823-E&O Liability	
				911-Security liability	
				952.1- Gate Group Health Ins	
TOTAL					<u>-9,624</u>
					-9,624
Bill Pmt -Check	5/26/2026	Pauma valley CSD	Transfer to CalBank	105-FS Checking	
TOTAL				102-Checking	<u>-75,000</u>
					-75,000
	5/31/2026	Water Quality Specialists		105-FS Checking	
			April-2026-INV# 11289	Operating Contract Services	-8700
			May-2026- INV# 11359		-8700
			May-2026- Sludge Tank Pumping #11366		-5040
TOTAL					<u>-22440</u>
					-22440

PV COMMUNITY SERVICES DISTRICT

A/R Aging Summary

As of May 31, 2026

	<u>Current</u>	<u>1 - 60</u>	<u>61 - 120</u>	<u>121 - 180</u>	<u>> 180</u>	<u>TOTAL</u>
CSD-001	0.00	-661.74	-661.74	-661.74	-79.86	-2,065.08
CSD-002	0.00	-1,411.98	0.00	0.00	0.00	-1,411.98
CSD-003	0.00	-702.82	-588.66	0.00	0.00	-1,291.48
CSD-004	0.00	-431.30	-371.00	0.00	-321.52	-1,123.82
CSD-005	0.00	-1,014.62	0.00	0.00	0.00	-1,014.62
CSD-006	0.00	-778.61	0.00	0.00	0.00	-778.61
CSD-007	0.00	-479.15	0.00	0.00	0.00	-479.15
CSD-008	0.00	-431.30	0.00	0.00	0.00	-431.30
CSD-009	0.00	-407.62	0.00	0.00	0.00	-407.62
CSD-010	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-011	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-012	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-013	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-014	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-015	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-016	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-017	0.00	0.00	-407.61	0.00	0.00	-407.61
CSD-018	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-019	0.00	0.00	0.00	0.00	-371.00	-371.00
CSD-020	0.00	-371.00	0.00	0.00	0.00	-371.00
CSD-021	0.00	-360.85	0.00	0.00	0.00	-360.85
CSD-022	0.00	0.00	0.00	0.00	-350.00	-350.00
CSD-023	0.00	-300.00	0.00	-37.45	0.00	-337.45
CSD-024	0.00	0.00	-115.64	-53.48	-133.81	-302.93
CSD-025	0.00	0.00	-297.78	0.00	0.00	-297.78
CSD-026	0.00	-283.18	0.00	0.00	0.00	-283.18
CSD-027	0.00	-281.12	0.00	0.00	0.00	-281.12
CSD-028	0.00	0.00	0.00	0.00	-249.50	-249.50
CSD-029	0.00	-228.97	0.00	0.00	0.00	-228.97
CSD-030	0.00	-24.00	-72.00	-24.00	-59.45	-179.45
CSD-031	0.00	0.00	0.00	-86.82	0.00	-86.82
CSD-032	0.00	-76.74	0.00	0.00	0.00	-76.74
CSD-033	0.00	-45.00	0.00	0.00	0.00	-45.00
CSD-034	0.00	-36.61	0.00	0.00	0.00	-36.61
CSD-035	0.00	0.00	0.00	0.00	-7.18	-7.18
CSD-036	0.00	-5.35	0.00	0.00	0.00	-5.35
CSD-037	0.00	-2.39	0.00	0.00	0.00	-2.39
CSD-038	0.00	-2.01	0.00	0.00	0.00	-2.01
CSD-039	0.00	-1.56	0.00	0.00	0.00	-1.56
CSD-040	0.00	-1.24	0.00	0.00	0.00	-1.24
CSD-041	0.00	-1.02	0.00	0.00	0.00	-1.02
CSD-042	0.00	-0.95	0.00	0.00	0.00	-0.95
CSD-043	0.00	0.00	-0.82	0.00	0.00	-0.82
CSD-044	0.00	-0.40	0.00	0.00	0.00	-0.40
CSD-045	0.00	-0.08	0.00	0.00	0.00	-0.08

CSD-046	0.00	0.00	0.00	0.00	-0.01	-0.01
CSD-047	0.00	0.00	0.00	0.00	0.00	0.00
CSD-048	0.00	0.00	0.00	0.00	0.00	0.00
CSD-049	0.00	0.00	0.00	0.00	0.00	0.00
CSD-050	0.00	0.00	0.00	0.00	0.00	0.00
CSD-051	0.00	0.00	0.00	0.00	0.00	0.00
CSD-052	0.00	0.00	0.00	0.00	0.00	0.00
CSD-053	0.00	0.00	0.00	0.00	0.00	0.00
CSD-054	0.00	0.09	0.00	0.00	0.00	0.09
CSD-055	0.00	0.10	0.00	0.00	0.00	0.10
CSD-056	0.00	0.10	0.00	0.00	0.00	0.10
CSD-057	0.00	0.41	0.00	0.00	0.00	0.41
CSD-058	0.00	0.61	0.00	0.00	0.00	0.61
CSD-059	0.00	18.95	0.00	0.00	0.00	18.95
CSD-060	0.00	19.59	0.00	0.00	0.00	19.59
CSD-061	0.00	19.59	0.00	0.00	0.00	19.59
CSD-062	25.00	-2.39	0.00	0.00	0.00	22.61
CSD-063	25.00	0.00	0.00	0.00	0.00	25.00
CSD-064	25.00	0.00	0.00	0.00	0.00	25.00
CSD-065	25.00	0.00	0.00	0.00	0.00	25.00
CSD-066	0.00	25.00	0.00	0.00	0.00	25.00
CSD-067	0.00	25.00	0.00	0.00	0.00	25.00
CSD-068	0.00	34.75	0.00	0.00	0.00	34.75
CSD-069	0.00	35.61	0.00	0.00	0.00	35.61
CSD-070	0.00	36.61	0.00	0.00	0.00	36.61
CSD-071	0.00	36.61	0.00	0.00	0.00	36.61
CSD-072	0.00	0.00	0.00	0.00	38.66	38.66
CSD-073	0.00	39.18	0.00	0.00	0.00	39.18
CSD-074	0.00	39.18	0.00	0.00	0.00	39.18
CSD-075	45.00	0.00	0.00	0.00	0.00	45.00
CSD-076	0.00	46.39	0.00	0.00	0.00	46.39
CSD-077	0.00	40.00	80.00	0.00	0.00	120.00
CSD-078	0.00	136.02	0.00	0.00	0.00	136.02
CSD-079	0.00	183.05	0.00	0.00	0.00	183.05
CSD-080	0.00	236.79	0.00	0.00	0.00	236.79
CSD-081	0.00	283.18	0.00	0.00	0.00	283.18
CSD-082	0.00	283.18	0.00	0.00	0.00	283.18
CSD-083	0.00	283.18	0.00	0.00	0.00	283.18
CSD-084	0.00	283.18	0.00	0.00	0.00	283.18
CSD-085	0.00	303.00	0.00	0.00	0.00	303.00
CSD-086	0.00	364.40	0.00	0.00	0.00	364.40
CSD-087	0.00	398.54	0.00	0.00	0.00	398.54
CSD-088	0.00	407.55	0.00	0.00	0.00	407.55
CSD-089	0.00	407.61	0.00	0.00	0.00	407.61
CSD-090	0.00	407.61	0.00	0.00	0.00	407.61
CSD-091	0.00	407.61	0.00	0.00	0.00	407.61
CSD-092	0.00	407.61	0.00	0.00	0.00	407.61
CSD-093	0.00	407.61	0.00	0.00	0.00	407.61
CSD-094	0.00	407.61	0.00	0.00	0.00	407.61

CSD-095	0.00	407.61	0.00	0.00	0.00	407.61
CSD-096	0.00	407.61	0.00	0.00	0.00	407.61
CSD-097	0.00	407.61	0.00	0.00	0.00	407.61
CSD-098	0.00	407.61	0.00	0.00	0.00	407.61
CSD-099	0.00	407.61	0.00	0.00	0.00	407.61
CSD-100	0.00	407.61	0.00	0.00	0.00	407.61
CSD-101	0.00	407.61	0.00	0.00	0.00	407.61
CSD-102	0.00	407.61	0.00	0.00	0.00	407.61
CSD-103	0.00	407.61	0.00	0.00	0.00	407.61
CSD-104	0.00	407.61	0.00	0.00	0.00	407.61
CSD-105	0.00	407.61	0.00	0.00	0.00	407.61
CSD-106	0.00	407.61	0.00	0.00	0.00	407.61
CSD-107	0.00	407.61	0.00	0.00	0.00	407.61
CSD-108	0.00	407.61	0.00	0.00	0.00	407.61
CSD-109	0.00	407.61	0.00	0.00	0.00	407.61
CSD-110	0.00	407.61	0.00	0.00	0.00	407.61
CSD-111	0.00	407.61	0.00	0.00	0.00	407.61
CSD-112	0.00	407.61	0.00	0.00	0.00	407.61
CSD-113	0.00	407.61	0.00	0.00	0.00	407.61
CSD-114	0.00	417.90	0.00	0.00	0.00	417.90
CSD-115	0.00	427.00	0.00	0.00	0.00	427.00
CSD-116	0.00	429.35	0.00	0.00	0.00	429.35
CSD-117	0.00	431.30	0.00	0.00	0.00	431.30
CSD-118	25.00	407.61	0.00	0.00	0.00	432.61
CSD-119	0.00	778.61	0.00	0.00	0.00	778.61
CSD-120	0.00	815.22	0.00	0.00	0.00	815.22
CSD-121	0.00	878.47	0.00	0.00	0.00	878.47
CSD-122	0.00	0.00	0.00	0.00	1,364.32	1,364.32
CSD-123	0.00	357.07	335.08	334.97	485.13	1,512.25
CSD-124	0.00	638.64	605.52	375.32	33.45	1,652.93
CSD-125	0.00	916.04	886.36	407.61	0.00	2,210.01
CSD-126	0.00	645.21	605.52	606.30	848.09	2,705.12
CSD-127	0.00	929.35	871.12	885.56	1,310.24	3,996.27
CSD-128	0.00	930.79	871.33	878.59	1,618.18	4,298.89
CSD-129	0.00	934.45	843.29	884.66	2,389.12	5,051.52
TOTAL	<u>170.00</u>	<u>12,102.22</u>	<u>2,582.97</u>	<u>3,509.52</u>	<u>6,514.86</u>	<u>24,879.57</u>

**PAUMA VALLEY COMMUNITY SERVICES DISTRICT
SECURITY REPORT**

May 11, 2026 – June 10, 2026

Pauma Valley CSD Security Department Personnel		
Name	Call Sign	Billet
Officer Todd Albert	1L1	General Service Supervisor
Officer Dale Easter	1L2	Patrolman / Security Lead
Officer Eduardo Aguilar	1L3	Patrolman
Officer Luis Orozco	1L4	Patrolman
Officer German Colin	1L5	Patrolman
Officer Zachary Meyer	1L7	Patrolman
Matthew Carson	C1	Gate Attendant
Gerardo Gonzalez	C1 / 1L6	Gate Attendant / Patrolman
Lucas McElvain	C1	Gate Attendant
Chris Nieves	C1	Gate Attendant
Jose Solis	C1	Gate Attendant

Vehicle Maintenance Report

Tesla 01 (127,663)

- Scuffs on the bottom right corner of the front bumper
- Rear passenger headliner is ripped
- The wrap has sun damage
- Driver side winder tint is peeling
- Driver seat trim is broken
- Driver side front wheel well fender damaged
- Charing port malfunctions on the unit
- Two rear tires need replacing
- TPMS were replaced at Tesla 6/8/26, Cabin air filter was replaced 6/8/26

Tesla 02 (134,070)

- Front driver window button
- The Front bumper is broken
- Driver seat cover is ripped
- The wrap has sun damage
- The passenger side skirt is dented
- Armrest needs a new cover
- Driver seat controls are malfunctioning
- Driver seat trim is broken
- TPMS and cabin air filter needs replacing

Submitted by: German Colin, Vehicle Maintenance Officer

Gate Security Report

- Rear and center gate switch panel remains inoperable and requires additional electrical repairs.
- All cameras are operational; Dwelling Live is running slowly under the Country Club profile.
- Front gate intercom talk button is sticking and may need replacement.
- Rear gate roadwork is scheduled for June 15–18; no issues reported with service.

Submitted by: Matthew Carson

<p>May 12, 2026, at 0945, Medical: Officer Easter was dispatched to Luiseno Circle Dr regarding a medical. Upon arrival, the officer made contact with the individual, who was experiencing high blood pressure. Cal Fire and Mercy Medics arrived on the scene. One was transported for further evaluation and treatment.</p>
<p>May 12, 2026, at 1855, Loose Dog: Officer Easter was dispatched to a house on PVD for a loose dog. The owner of the dog made contact and the dog was retrieved.</p>
<p>May 13, 2026, at 0829, Traffic Collision: Officer Orozco responded to a reported traffic collision on Highway 76. Emergency personnel were already on scene handling traffic control, and the incident was confirmed to be outside of the patrol area.</p>
<p>May 14, 2026, at 0149, North Coast Church 11.53: Officers Orozco and Colin discovered an unsecured door. The building was cleared and secured. Control 1 to notify contact.</p>
<p>May 14, 2026 at 1212, Oak Tree: Officer Easter was informed by CSD Utility that oak tree was experiencing a sewage spill coming from a manhole in the fields by Pauma School. Pa was informed about the issue. CSD is currently working on repairs to fix the manhole problem.</p>
<p>May 14, 2026, at 2235, Pauma School 11.53: Officers Meyer and Colin found the multipurpose room door unsecured. They cleared the building but were unable to secure the door. Control 1 to notify contact.</p>
<p>May 15, 2026, at 1800, Resident Concern: Officer Meyer was dispatched to Luiseno Circle Drive for a fire concern. Officer Meyer was able to make contact with the resident in question. The resident stated everything was under control. No further action was taken.</p>
<p>May 15, 2026, at 1013, Gate Incident: Officer Orozco responded to a vehicle that entered through the wrong gate entrance. The vehicle was verified as an authorized guest, and a guest pass was issued.</p>
<p>May 15, 2026, at 1123, Water Maintenance: Officer Orozco observed water release from a pipe near well 38. Rancho Pauma water advised that maintenance and system flushing were in progress.</p>
<p>May 17, 2026, at 1941, Lift Assist: Officer Aguilar responded to a lift assist request and made contact with the resident wife and neighbor. The resident was found lying on the bathroom floor complaining of pain to his right shoulder. Patrol and the neighbor carefully assisted the resident from the floor and seated him safely on the toilet at his request. The resident’s wife requested medical assistance and 911 was contacted. Cal Fire and Mercy personnel arrived on scene shortly after. One resident was transported for further medical evaluation after reportedly dislocating his right shoulder during the fall.</p>
<p>May 18, 2026, at 0125, Saint Francis 11.53: Officer Meyer found a sliding glass door unlocked to the recreation room. He cleared and secured the building. The alarm was set off while clearing. Control 1 to notify contact in the morning.</p>
<p>May 18, 2026, at 1055, Medical: Officer Easter was dispatched to a medical on PVD near Luiseno Circle Dr. The resident reported he had fallen due to a curb and sustained a large scratch on his head. Officer Easter arrived on the scene and provided medical aid. Cal Fire and Mercy Medics arrived. The injured party was evaluated on scene. The subject’s wife advised that she would transport him to urgent car for further evaluation and treatment.</p>
<p>May 18, 2026 at 1313, Snake Call: A snake was reported at the treatment plant building. The snake was successfully removed from the property.</p>
<p>May 18, 2026 at 1445, Snake Call: Officer Easter was dispatched to Paauwe Dr for a snake. The snake was successfully removed from the property.</p>
<p>May 18, 2026, at 1653, Air Lift Medical: Officer Easter witnessed Cal Fire arrive at the Temple Field gate by PVCSD. One individual was being transported down Nate Harrison Rd. Individual had fallen off a tree while working. An Air Ambulance Helicopter arrived on scene from Oceanside. All Units arrived on scene at 1740. One was transported.</p>

<p>May 19, 2026, at 0828, Medical: Officer Easter responded to a medical aid call on Cahuka Ct regarding an unresponsive male subject. Upon arrival, CPR was initiated. Cal Fire, medics, and Sheriff's deputies responded to the scene. Despite lifesaving efforts, the subject was unable to be revived and was pronounced deceased on scene.</p>
<p>May 19, 2026, at 2008, Snake Call: Officer Aguilar responded to snake call on Paauwe Dr. Officer Aguilar successfully removed the snake from the property.</p>
<p>May 20, 2026, at 1113, Process Server: Officer Orozco escorted a process server to a residence to maintain peace while documents were served. Process server was escorted out of the community.</p>
<p>May 21, 2026, at 0100, North Coast Church 11.53: Officer Colin found the men's restroom and the door to the chapel unsecured, he cleared and secured the rooms. Control 1 to notify the contact.</p>
<p>May 21, 2026, at 1453, Snake Call: Officer Easter was dispatched for a snake call on Sukat Tr. A Snake was reported inside a water meter. UTL the snake.</p>
<p>May 22, 2026, at 1655, Gate Runner: Officer Easter was dispatched for two gate runners at the back entrance gate. A silver Toyota Corolla and a White Lexus RX450H. Both vehicles followed behind a resident from Womsi Rd. Officer Easter found the white Lexus leaving the center gate. Control one reported the silver Toyota Corolla exiting the front gate as well. Both vehicles were documented.</p>
<p>May 22, 2026, at 1905, Pauma Building 11.53: Inner Tribal Treatment Center found unsecured. Officer Easter cleared the building, unable to secure the door. Control 1 to notify the contact.</p>
<p>May 23, 2026, at 1008, Trespassing: Officer Aguilar responded to a call regarding a possible trespassing at a residence property at Cuesta De Camellia. The resident reported seeing an individual on the property through security cameras and requested patrol assistance. Upon arrival, Officer Aguilar was unable to make contact with the individual. Control 1 contacted the homeowner, who advised that the subject was no longer on the property. The homeowner requested that the sheriffs be contacted if the individual returns.</p>
<p>May 25, 2026, at 0936, Resident Concern: Officer Aguilar was patrolling Luiseno Circle Dr when a member stopped him to report a silver Chevy sedan parked without front or back license plates. The vehicle had a temporary pass with no plate number listed. Control 1 attempted to contact the owner, which there was no answer. Later, Officer Aguilar spoke with the owner's wife, who explained the car was recently purchased and license plates would be added soon. She was reminded that all vehicles in the community must display both front and back plates.</p>
<p>May 25, 2026, at 1018, Trespassing: Officer Aguilar responded to a call regarding a male subject trespassing on private property and looking through windows, causing the resident distress. Patrol responded and searched the area with the resident's husband. The male was later located near the front entrance speaking with another resident. An argument began between both parties, and patrol separated them and kept both individuals calm until sheriff arrived. Deputies made contact with both individuals and advised the subject not to return to the property, or he would be arrested for trespassing.</p>
<p>May 25, 2026, at 2242, Resident Concern: A resident on Luiseno Circle Dr said her dog noticed something outside her residence. Officer Colin patrolled the area but did not see anything out of the ordinary.</p>
<p>May 26, 2026, at 0036, Suspicious Vehicle: Control 1 noticed a suspicious vehicle at the back gate, vehicle was driving slowly and then turned around driving over the grass. Officer Colin patrolled the area for suspicious activity, nothing out of the ordinary was found.</p>
<p>May 26, 2026, at 1017, Medical: Officer Easter responded to a medical on Womsi Rd. Upon arrival, Officer Easter made contact with the resident's husband, who advised that his wife may have been experiencing internal bleeding and required medical transportation. Medics arrived on scene shortly after. One patient was transported for further medical evaluation and treatment.</p>
<p>May 26, 2026, at 1114, Resident Concern: Officer Easter was dispatched to Luiseno Circle Dr regarding a resident yelling and screaming inside a residence. Upon arrival, Officer easter contacted the resident,</p>

<p>who stated she was upset and talking to herself. The resident advised everything was fine and requested no further assistance. Nothing further to report.</p>
<p>May 27, 2026, at 1814, Resident Concern: Officer Orozco responded to a resident’s report that their 11-year-old son was missing. A search of the community was conducted, including follow-up contacts and area checks. The juvenile was later located within the community and escorted safely back to the residence.</p>
<p>May 28, 2026, at 0936, Gate Runner. Officer Easter was dispatched for a gate runner at the back entrance gate. A black Toyota 4Runner entered the gate as a member vehicle opened the gate. The vehicle was found at the PVCC. A NOV was issued.</p>
<p>May 28, 2026, at 1655, Loose Dog. A resident on Wiskon Way West informed the front gate they had found a small dog on their driveway. If anyone was to call about the dog, they would have it at their property. The dog was retrieved by the owner.</p>
<p>May 29, 2026, at 1950, Saint Francis 11.53: Officer Meyer found both sliding glass doors to the recreation building unlocked. He cleared and secured the building. The alarm was set off while clearing. Control 1 to notify contact in the morning.</p>
<p>May 29, 2026, at 2340, Suspicious Vehicle: Officer Meyer dispatched to Pauma Village for a vehicle that was parked for an extended amount of time. When questioned, the two people in the vehicle were paying their respects to the woman who had passed away in the car accident earlier in the year. No further action was taken.</p>
<p>May 30, 2026, at 1224, Resident Concern: Officer Orozco responded to a resident concern regarding vehicles reportedly using an unauthorized dirt road access point in Oak Tree. The area was checked, the gate was found secure, and traffic conditions were observed to be returning to normal. No traffic control was required.</p>
<p>May 31, 2026, at 0355, Pauma School 11.53: Officer Meyer found Room 15 and the Main Electrical Room unlocked. He cleared and secured both buildings. Control 1 to notify contact in the morning.</p>
<p>June 1, 2026, at 1144, Medical: Officer Easter was dispatched to Cahuka Ct. for a medical aid call. The resident reported that an individual had fallen and required medical assistance. Upon arrival, the officer located one individual upstairs with a large laceration to the forehead. Basic medical attention was provided until arrival of emergency medical personnels. Cal Fire and paramedic arrived on scene, assessed the patient, and provided further treatment. One individual was transported for additional medical care. The scene was turned over to emergency medical personnel without further incident.</p>
<p>June 2, 2026, at 1015, Loose dog: Officer Easter was dispatched to Wiskon Way West for a loose dog. A resident reported seeing a large black dog. Officer easter was UTL the dog.</p>
<p>June 3, 2026, at 1003, Snake Call: Officer Easter was dispatched to PVD near the tennis courts for a rattle snake. The officer arrived on scene. The snake was successfully removed from the area.</p>
<p>June 3, 2026, at 1508, Loose Cow: Officer Easter found a cow outside of its fence. The cow looked to have broken through the wood fence. The owner was contacted and the cow was delivered back into its fence.</p>
<p>June 3, 2026, at 1955, Resident Request: Officer Orozco responded to a report of a vehicle in need of a jump-start at the country club pool area. He was able to successfully jump-start the vehicle and escorted the resident home to ensure safe arrival.</p>
<p>June 4, 2026, at 0134, Lift Assist: Officer Orozco and Officer Colin responded to a lift assist at a residence. The resident was assisted back into bed after a fall. He had sustained only a minor scrape. Medical attention was declined.</p>
<p>June 4, 2026, at 1709, Snake Call: Officer Meyer was dispatched to remove a snake at a residence on Pauma Valley Drive. The snake was successfully removed and relocated.</p>

<p>June 4, 2026, at 2020, North Coast Church 11.53: Officer Meyer found the K-2nd grade door unlocked. He cleared and secured the building. Control 1 to notify contact in the morning.</p>
<p>June 4, 2026, at 2145, Temple Gate: While patrolling the Hangars, Officer Meyer saw the fire department pulling into the PVCSD office parking lot. He opened the Temple Gate because an airlift was in route for transport.</p>
<p>June 7, 2026, at 0309, Resident Concern: Officer Meyer was dispatched to Pauma Valley Dr because a resident heard screaming outside their house. The resident could not find her husband and was worried that people that had been at the house had kidnapped him. The officer searched around the house and found her husband on the side of the house sleeping on the ground, next to the fence. They had been drinking and he fell and went to sleep.</p>
<p>June 8, 2026, at 0824, Welfare Check: Officer Easter was dispatched to conduct a welfare check at a residence on Luiseno Circle Dr. Upon arrival, Officer Easter attempted to make contact with the resident: however, no contact was made. There were no obvious signs of distress or suspicious activity observed.</p>
<p>June 8, 2026 at 0932, Welfare Check: A resident requested a welfare check at a residence on Luiseno Circle dr. After hearing loud music and receiving no answer at the door. Sheriff’s deputies responded and contacted the resident, who was outside watering plants. Deputies were granted access to the residence, found nothing unusual, and cleared the scene without incident.</p>
<p>June 10, 2026 at 1115, Process Server: Officer Easter escorted a process server to a residence on PVD to maintain peace while documents were served. Process server was escorted out of the community.</p>

RFID Entries						
Front Gate		Center Gate			Back Gate	
15,817		2,666			4,024	
Dispatch By Location						
Inside PVCCE	Oak Tree	School	Business Dist.	St. Francis	PVCC	Hwy 76
37	2	3	11	2	1	1
Highlights by Shift Periods						
A: 2200-0600		B: 0600-1400			C: 1400-2200	
17		17			24	

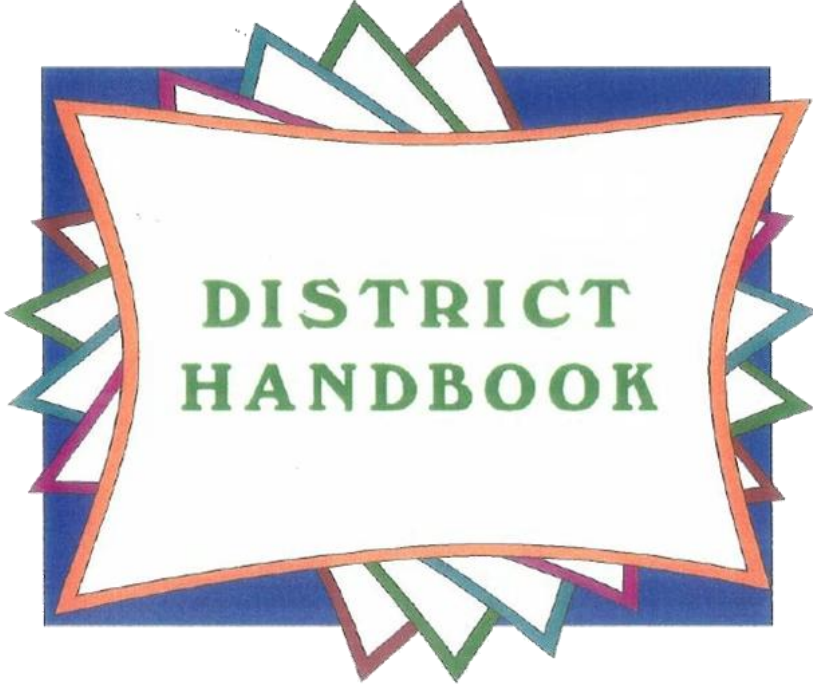
PVCSD Patrol – Building Checks				
Location	Unsecured Door	Fire Alarm	Burglary Alarm	Officer Check
			459A	1153
Country Club(CC)				
Greens Maintenance(GM)				
Community Church(CO)	7			61
Gravel Yard(GY)				71
Saint Francis(SF)	2			80
Pauma School(PS)	3			51
Pauma Building(PB)	5			57
Airport Hangars(AH)				65
Treatment Plant(TP)				62
Pauma Village(PV)				47
Residential Houses/Other	5			

Patrol Activity				Gate Activity	
Medicals	8	Resident Concern	6	Activity/Malfunctions	Totals
Welfare Checks	2	Suspicious Activity	2	Unresponsive	2
Lift Assist	4	Noise Complaint	1	Will Not Close	
Domestic Dispute		Process Server	2	False Read	
Traffic Collisions	1	911 Hang-up Call		Loss of Controls	Continuos
Gate Runner/ Gate Crashers	2	Loose Pets	4	Video Loss	1
Public Assists		Snake Call	7	Device Entries	32,933
Jump Start	1	Trespassing	1	Passes Issued	2,772
Notice of Violation		Other	3	Pass Entries	6,060

Acronym Legend			
Acronym	Definition	Acronym	Description
459	Burglary penal code	AFA	Asian Female Adult
AMA	Against Medical Advise	AMA	Asian Male Adult
BOLO	Be on the Lookout	AFJ	Asian Female Juvenile
CHP	California Highway Patrol	AMJ	Asian Male Juvenile
DOB	Date of Birth	BFA	Black Female Adult
DL	Driver License	BMA	Black Male Adult
DV	Domestic Violence	BFJ	Black Female Juvenile
EB	East Bound	BMJ	Black Male Juvenile
FU	Follow Up	HFA	Hispanic Female Adult
IVO	In Vicinity Of	HMA	Hispanic Male Adult
LP	License Plate	HFJ	Hispanic Female Juvenile
LCD	Luiseno Circle Drive	HMJ	Hispanic Male Juvenile
NB	North Bound	MFA	Mexican Female Adult
NLT	No Later Than	MMA	Mexican Male Adult
PERT	Psychiatric Emergency Response Team	MFJ	Mexican Female Juvenile
PT	Patient	MMJ	Mexican Male Juvenile
PVD	Pauma Valley Drive	NAFA	Native American Female Adult
PVRA	Pauma Valley Roadway Association	NAMA	Native American Male Adult
ROTR	Rules of the Road	NAFJ	Native American Female Juvenile
RP	Reporting Party	NAMJ	Native American Male Juvenile
SB	South Bound	WFA	White Female Adult
S/O	Sheriff's Office	WMA	White Male Adult
SR 76	State Route 76/ Highway 76	WFJ	White Female Juvenile
TC	Traffic Collision	WMJ	White Male Juvenile

UTL	Unable to Locate		
WB	West Bound		
WWE	Wiskon Way East		
WWW	Wiskon Way West		
YOA	Years of Age		
Unresponsive	the gate does not open for an RFID		
Will Not Close	the gate does not close when it is supposed to		
False Signal	the alarm goes off in the Front Gate for no discernable reason		
Loss of Controls	gate attendant cannot open the gates remotely		
Video Loss	occurs when the gate attendant cannot see the feeds from the Center or Back Gates		

**PAUMA VALLEY
COMMUNITY SERVICES DISTRICT**



Revised and Approved June 2026



INTRODUCTION

For employees who are commencing employment with the Pauma Valley Community Services District (“PVCSD” or the “District”), let me extend a warm and sincere welcome. For employees who have been with us, thank you for your past and continued service.

This Employee Handbook (“Handbook”) is designed to help employees get acquainted with the organization. It describes the basic terms and conditions of employment with the District.

Employees are expected to read this Handbook carefully and to know and understand its contents. PVCSD reserves the right to make changes to this Handbook. Employees are responsible for knowing about and understanding those changes once they have been disseminated. PVCSD also reserves the right to interpret the provisions of this Handbook. For this reason, employees should check with the General Manager to obtain information regarding specific employment guidelines, practices, policies or procedures.

Employees should not interpret anything in this Handbook as creating a contract or guarantee of continued employment. In addition, this Handbook is not intended to cover all possible situations that may arise in your employment relationship with the District.

This Handbook is the property of the District and it is intended for the personal use and reference by employees of PVCSD.

Every employee is responsible for completing the following within two (2) weeks of receiving this Handbook: reading and signing the Handbook Acknowledgment Form and returning it to PVCSD administration. This Acknowledgment Form contains important points for employees and provides the District with a record that each employee has received this Handbook.

This Handbook supersedes all prior handbooks.

HANDBOOK DISCLAIMER

We have attempted to be as comprehensive as possible in preparing this Handbook. However, this Handbook is not a contract of employment and is not intended to create any contractual or other legal obligations or to alter the at-will nature of employment. Instead, it merely establishes guidelines for employees concerning some of PVCSD’s policies and benefits. Should you need further information, or if you would like to discuss any policies in the Handbook, please feel free to speak to the District’s General Manager.

This Handbook is not intended to provide in detail or be all inclusive of all Administrative Policies and Procedures, nor does it supersede or alter in any way PVCSD Ordinances, PVCSD Resolutions, State, or Federal laws. PVCSD reserves the right to delete, amend, or add handbook provisions at any time, without notice.

Nothing in this Handbook or in other statements of PVCSD policies, including statements made in the course of an employee performance review and/or wage review, shall be deemed to constitute either an express or implied promise of continuing employment. Employment with PVCSD is at-will and can be terminated by PVCSD or the employee at any time with or without cause or notice. This is the entire agreement between PVCSD and its employees regarding the term of employment. It supersedes all prior written and oral statements regarding the subjects covered in this Handbook and it cannot be modified except by a written agreement signed by the General Manager of PVCSD with approval of the District Board.

POLICY CHANGES

It is inevitable that new policies and benefits will need to be written from time to time and that old policies (including benefits) will need to be revised. While we reserve the right to modify or rescind any policies, practices, or benefits described in this Handbook, except for the employment at-will policy, at any time without prior notice, we will strive to timely advise you of any changes affecting your employment.

- Revised/Approved June 2026
- Revised/Approved May 2026
- Revised/Approved January 2026
- Revised/Approved July 2025
- Revised/Approved April 2024
- Revised July 2020
- Revised July 2019
- Revised April 2019
- Revised July 2017
- Revised April 2016
- Revised December 2015
- Revised July 2014
- Revised August 2012

TABLE OF CONTENTS

Page

1.	AT-WILL EMPLOYMENT	
2.	PROBATIONARY PERIOD	
3.	EQUAL EMPLOYMENT OPPORTUNITY	
4.	POLICY ON REASONABLE ACCOMMODATION	
5.	LACTATION ACCOMMODATION POLICY	
6.	OPEN DOOR POLICY	
7.	PROCEDURE FOR REPORTING EMPLOYEE COMPLAINTS	
8.	DISCIPLINARY ACTION	
9.	POLICY AGAINST HARASSMENT, DISCRIMINATION AND RETALIATION	
10.	REPORTING AND INVESTIGATING HARASSING, DISCRIMINATORY AND RETALIATORY CONDUCT	
11.	RESPECTFUL CONDUCT	
12.	VEHICLE USAGE	
13.	PROFESSIONAL CERTIFICATION	
14.	WAGES AND PAY DAY	
15.	ON-CALL DUTY	
16.	FULL-TIME VS. PART-TIME EMPLOYMENT	
17.	DISTRICT PROPERTY AND CONFIDENTIAL INFORMATION	
18.	DIVISIONAL TRANSFER	
19.	HOURS OF WORK	
20.	OVERTIME	
21.	EMPLOYEE ABSENCE FROM WORK	
22.	HOLIDAYS	
23.	HEALTH BENEFITS	
24.	HEALTH REIMBURSEMENT ACCOUNT BENEFITS	
25.	LIFE INSURANCE BENEFITS	
26.	RETIREMENT BENEFITS	
27.	457 SUPPLEMENT RETIREMENT BENEFITS	
28.	VACATION POLICY AND ACCRUAL	
29.	SICK LEAVE	
30.	BEREAVEMENT	
31.	PREGNANCY-RELATED DISABILITY LEAVE	
32.	CALIFORNIA FAMILY RIGHTS ACT	
33.	MILITARY LEAVE OF ABSENCE	
34.	MILITARY SPOUSE LEAVE	
35.	JURY DUTY LEAVE	
36.	VOTING LEAVE	
37.	DISCRETIONARY LEAVE	
38.	LEAVE RELATED TO DOMESTIC VIOLENCE, SEXUAL ASSAULT, OR STALKING	
39.	CRIME VICTIMS' LEAVE	
40.	LEAVE FOR ORGAN AND BONE MARROW DONATION	
41.	EXPECTATIONS FOR PVCSD PERSONNEL	
42.	FUNDAMENTAL RULES OF SAFETY	
43.	WORKPLACE VIOLENCE POLICY	
44.	UNIFORM AND PROTECTIVE CLOTHING	
45.	DRESS CODE	

TABLE OF CONTENTS
(continued)

Page

46.	DRUG AND ALCOHOL POLICY	
	APPENDIX 'A' LIST OF VIOLATIONS OF DISTRICT RULES AND REGULATIONS LIKELY TO LEAD TO DISCIPLINE - UP TO AND INCLUDING TERMINATION	
	APPENDIX 'B' PAUMA VALLEY COMMUNITY SERVICES DISTRICT DISTRICT POLICY FOR SECURITY PERSONNEL	
	APPENDIX 'C' PAUMA VALLEY COMMUNITY SERVICES DISTRICT EMPLOYEE BENEFITS SUMMARY	
	APPENDIX 'D' PAUMA VALLEY COMMUNITY SERVICES DISTRICT SAFETY SENSITIVE POSITIONS	

1. AT-WILL EMPLOYMENT

All employment with PVCSD is “at will.” This means that both employees and PVCSD have the right to terminate employment at any time, with or without notice, and with or without cause. The at-will relationship can only be modified by a written agreement signed by the employee and District’s General Manager and approved by the Board of Directors.

PVCSD reserves the right to transfer, demote, suspend and administer discipline to employees with or without cause or advance notice.

None of the policies, procedures, contents of this manual, or any other documents provided to employees are intended to be, nor should it be, construed as a guarantee that employment (or any benefit) will be continued for a specific period of time. Employees should ask District’s General Manager if they have any questions about their status as an employee at-will.

2. PROBATIONARY PERIOD

PVCSD attempts to hire the most qualified employees for each position. To ensure this, PVCSD provides for an introductory period of employment for the employee to assess PVCSD and the job content, and for PVCSD to evaluate the new employee on his or her job performance. All new employees must complete, to PVCSD’s satisfaction, a 180-day (six (6) months) introductory period beginning after the date of initial appointment. Consistent with the PVCSD’s Employment At-Will policy, during the introductory period, an employee may be discharged by PVCSD for any reason, at any time, and without advance notice. Similarly, the employee may resign employment for any reason, at any time, and without advance notice during this period.

At PVCSD’s discretion, an employee’s introductory period may be extended one or more times. On successful completion of the introductory period, an employee will become a regular employee. Successful completion of the introductory period does not, however, guarantee employment for a specific duration.

Satisfactory completion of the probationary period does not alter the at-will nature of the employment relationship. PVCSD does not guarantee employment for the entire probationary period and at its discretion, PVCSD may shorten or extend the probationary period.

3. EQUAL EMPLOYMENT OPPORTUNITY

PVCSD is an Equal Employment Opportunity employer, and it is the policy of PVCSD to be in compliance with all state and federal regulations relative to discrimination in employment and PVCSD follows the practice of promoting Equal Employment Opportunity.

PVCSD is strongly committed to providing equal opportunity to all employees and applicants for employment. PVCSD does not discriminate on the basis of any status or characteristic protected under federal or state law, such as race (including but not limited to, hair texture and protective hairstyles such as braids, locks, and twists), color, religious creed (including religious dress and religious grooming practices), national origin, ancestry, citizenship status, sex (including pregnancy, perceived pregnancy, childbirth, breastfeeding, or related medical conditions), gender, gender identity and gender expression (including transgender identity and expression), because an individual has transitioned (to live as the gender with which they identify), sexual orientation, sex stereotyping, age (40 years and older), medical condition, marital status, domestic partner status, pregnancy, physical or mental disability (including HIV and AIDS), military status, veteran status; legally protected medical condition or information (including genetic information), protected medical leaves (requested or approved), status as a victim (of domestic violence, sexual assault or stalking), enrollment in a public assistance program, on the basis of any perception that an applicant or employee has any of these characteristics; or, on the basis that an applicant or employee is associated with someone who has or is perceived to have these characteristics.

PVCSD prohibits the discrimination or harassment of any individual on any basis listed above (see the Policy Against Harassment for further clarification). Any such discrimination is unlawful and all persons involved

in the operations of the PVCSD are prohibited from engaging in this type of conduct. Please contact District's General Manager if you have any questions or concerns.

PVCSD's commitment to comply with all applicable laws providing equal employment opportunities applies to all persons involved in the District's operations and prohibits unlawful discrimination by any employee of the District, including supervisors and coworkers. This policy applies to all employment practices, including recruitment, advertising, job application procedures, hiring, firing, advancement, compensation, training, benefits, transfers, social and recreational programs, and any other terms, conditions and privileges of employment.

Any employees with questions or concerns about equal employment opportunities in the workplace are encouraged to bring these issues to the attention of District's General Manager. To ensure our workplace is free of artificial barriers, violation of this policy including any improper retaliatory conduct will lead to discipline, up to and including discharge. All employees must cooperate with all investigations conducted pursuant to this policy.

PVCSD utilizes the same complaint procedures for complaints of discrimination as it does for complaints of harassment. Please see the Reporting and Complaint Procedure. California law and PVCSD also prohibit retaliation against any employee for making a good faith complaint of discrimination or for cooperating, assisting, testifying, or participating in any of the discrimination complaint procedures in the separate Policy Against Harassment.

4. POLICY ON REASONABLE ACCOMMODATION

PVCSD is committed to providing equal opportunity for all applicants and employees, and will provide reasonable accommodations, including as required under applicable laws, in accordance with this policy.

Reasonable Accommodations Related to Disability and Religion: PVCSD will provide reasonable accommodations for applicants and employees with disabilities in accordance with the Americans with Disabilities Act (the "ADA") and California law, and for applicants and employees based on their sincerely-held religious beliefs, practices, or observance under state and federal law. Employees seeking such accommodations should promptly notify District's General Manager.

Reasonable Accommodations Relating to Pregnancy: PVCSD will provide reasonable accommodations to employees who are affected by a pregnancy, childbirth, or related medical conditions, as medically advisable.

Employees seeking a pregnancy-related accommodation, including transfer under this policy, should notify District's General Manager. This notice must be timely and be provided by employees in advance when the need for reasonable accommodation is foreseeable; in all other circumstances, notice must be provided as soon as practicable. Failure to give advance notice when the need is foreseeable may delay the reasonable accommodation or transfer until 30 days after the date the employee provides notice (unless such delay would endanger the health of the employee, her pregnancy or her coworkers).

Reasonable Accommodations for Victims of Domestic Violence, Stalking, or Sexual Assault: PVCSD will also provide reasonable accommodations for an employee who is the victim of domestic violence, stalking or sexual assault if: (i) the employee has disclosed that status to PVCSD, and (ii) the employee requests an accommodation for the employee's safety while at work.

In such circumstances, PVCSD will engage, in good faith, in a timely and interactive process with the employee to determine an effective reasonable accommodation. In this process, the employee may be asked to provide: (i) a written statement, signed by the employee or someone acting on the employee's behalf, certifying that the accommodation is for the purposes stated above, and (ii) a certification confirming the employee's status as a victim of domestic violence, sexual assault or stalking. Six (6) months after the date of each previous certification, PVCSD may request a recertification of such status. PVCSD will maintain any such certification as confidential if it identifies the employee as a victim of domestic violence, sexual

assault or stalking, disclosing such information only as required by law, or as needed to protect the employee's workplace safety, and with prior notice of such disclosure to the employee.

Retaliation and Discrimination Prohibited: PVCSD prohibits discrimination, discharge, retaliation, or any other unlawful acts against an individual because such person requests or receives an accommodation under this (or another applicable) policy, or because such individual engaged in any other conduct protected by the law. Additionally, as addressed in PVCSD's separate policy on harassment, discrimination and retaliation, PVCSD prohibits unlawful harassment, discrimination or retaliation against any employee on the basis of an individual's disability, religion, religious creed, sex (including pregnancy, childbirth and related medical conditions), status as a victim of domestic violence, sexual assault or stalking, or any other status as protected by law.

5. LACTATION ACCOMMODATION POLICY

PVCSD provides accommodations to lactating employees who need to express breastmilk during work hours in accordance with applicable law. A lactation accommodation request may be made verbally or in writing, should indicate the need for an accommodation in order to express breastmilk at work, and should be directed to District's General Manager. PVCSD shall respond to such requests in a reasonable manner, not exceeding five (5) business days. PVCSD will provide a room or other location (not a bathroom) for employees to express breastmilk in private. PVCSD will ensure that the lactation room or location will:

- Be in close proximity to the employee's work area, shielded from view, and free from intrusion while the employee is expressing milk;
- Be clean, safe and free of hazardous materials;
- Contain a surface to place a breast pump and other personal items;
- Contain a place to sit; and
- Have access to electricity or alternative devices, including, but not limited to, extension cords or charging stations, needed to operate an electric or battery powered breast pump.

In addition, PVCSD will provide access to a sink with running water and a refrigerator suitable for storing milk (or other cooling device suitable for storing milk) in close proximity to an employee's workspace. In the event that more than one employee needs use of the lactation room, PVCSD will discuss alternative options with the employees to determine what arrangement addresses their needs, such as finding an alternative space.

PVCSD shall also provide a reasonable amount of break time for an employee to express any breast milk each time that she needs to do so. The break time, if possible, should run concurrently with any break time already provided to the employee. Break time for a nonexempt employee that does not run concurrently with rest time already authorized for the employee is unpaid. However, if the employee performs any work during such break, she must accurately record all time worked and PVCSD will compensate her for such time.

If PVCSD cannot provide break time, location, or other reasonable accommodations in accordance with this policy, it will inform the requesting employee in writing. Because lactation accommodation needs may change over time, employees may request changes to existing accommodations by a written request to the District's General Manager that describes the nature of the change that is requested.

PVCSD prohibits any form of retaliation or discrimination against an employee for exercising or attempting to exercise any rights provided under the above policies. Any such conduct or violations of the above-referenced policies should be reported to the District's General Manager. Employees also have the right to file a complaint with the California Labor Commissioner for violation of a lactation accommodation right described in the policy above.

6. OPEN DOOR POLICY

The District has a specific procedure detailed in the separate Policy Against Harassment, Discrimination and Retaliation that should be used to report any concerns or complaints related to possible sexual harassment,

or other forms of harassment, discrimination, or retaliation based on a protected category. Separately, the District has an Employee Concerns Policy that encourages employees to participate in decisions affecting them and their daily professional responsibilities. Employees who have job-related concerns or complaints are encouraged to discuss them with their supervisor or any other management representative with whom they feel comfortable. The District believes that employee concerns are best addressed through this type of informal and open communication.

Employees are encouraged to raise work-related concerns with their immediate supervisor, or with a supervisor or other management representative of their choice, or with the General Manager, as soon as possible after the event(s) that cause the concern. The District will also attempt to keep all such expressions of concern, the results of any investigation, and the terms of the resolution confidential. In the course of investigating and resolving the matter, however, some dissemination of information to others may be necessary or appropriate. No employee will be disciplined or otherwise penalized for raising a good-faith concern.

7. PROCEDURE FOR REPORTING EMPLOYEE COMPLAINTS

The purpose of this Procedure for Reporting Employee Complaints is to establish a process for all employees of the District to use to notify the District of their work-related concerns, and to give the District the opportunity to learn about, address, and resolve the complaint. This policy is intended to supplement the Open Door Policy set forth in this Handbook, which states the District's philosophy that all employees have free access to their immediate supervisors or to other District supervisors of their choice or the General Manager to informally express their work-related concerns. As noted in the Open Door Policy, the District has a specific procedure detailed in its Policy Against Harassment, Discrimination, and Retaliation that should be used to report concerns or complaints related to possible sexual harassment, or other forms of harassment, discrimination, or retaliation based on a protected category.

Importantly, when the nature of the concern pertains to an actual or suspected violation of the law District policy, or an ethical violation, all employees, directors, and officers of the District are required to file a complaint using the procedure below. This includes reporting any activity that is considered by the person making the complaint to be illegal or dishonest. Any questions regarding whether a concern is subject to this mandatory reporting policy should be resolved in favor of filing the complaint. This procedure includes:

1. **Filing of Complaint:** Individuals should file written complaints with the District's General Manager as soon as possible after the events that give rise to the work-related concerns. The written complaint should set forth in detail the bases for the complaint including but not limited to alleged violations of policy or law.
2. **Investigation:** The District's General Manager will date and log all written complaints and send the employee an acknowledgment that the complaint is under review. The District's General Manager, or his/her/its designee will investigate the complaint, meeting separately with the employee and with others who either are named in the complaint or who may have knowledge of the facts set forth in the complaint. The District will attempt to treat all internal complaints and their investigation as confidential, recognizing, however, that in the course of investigating and resolving internal complaints some dissemination of information to others may be necessary or appropriate.
3. On completion of the investigation, the complainant and the employee being complained about will receive an oral or written report of the District's finding(s) which are listed below. Except where required by law, the details of the investigation and the basis of the investigation's findings will not be provided to the complainant.
4. Each allegation in a complaint shall have one of the following findings:
 - a. **UNFOUNDED:** The alleged act did not occur.
 - b. **EXONERATED:** The alleged act occurred but was justified, legal and proper.
 - c. **NOT SUSTAINED:** The investigation produced insufficient information to prove or disprove the allegation.
 - d. **SUSTAINED:** The District member committed all or part of the alleged act(s) of misconduct or poor service.

- e. **MISCONDUCT NOTED:** The District member violated a section of the Districts Ordinances, Policies, Rules, or Procedures not originally in the complaint.
 - f. If the complaint is resolved to the complainants satisfaction, the terms of the resolution should be recorded and signed by both the employee and a representative of the General Manager.
5. **Appeal:** If the complaint is not resolved to the complainants' satisfaction, the complainant may submit a written request for review of the complaint to the District General Manager, or District Board President. Decisions resulting from appeal reviews will be final.

The District will not tolerate retaliation against individuals for reporting a good faith concern under this policy; participating in or cooperating in any internal investigations of reported concerns; or otherwise engaging in conduct protected by law. Prohibited retaliation can be adverse employment actions, like termination, compensation decreases, or poor work assignments, or even threats of physical harm. Such retaliation is a separate violation of District policy. It also may violate applicable law. Anyone who believes that he or she has been retaliated against for reporting a good faith concern, for participating in or cooperating in an internal investigation of a concern, or for exercising his or her rights, or otherwise engaging in conduct protected by law, should immediately notify the District using the same Procedure described above. The General Manager or any District Board member has the discretion to utilize the complaint procedure to evaluate complaints initiated by members of the public.

8. DISCIPLINARY ACTION

Consistent with the at-will nature of employment, PVCSD reserves the right to use discretion in deciding when and how discipline is imposed. No formal system, procedure or proof of cause is required. Attached as "Appendix A" is a non-exhaustive list of examples of PVCSD rules and regulation violations for which employees will be disciplined, up to and including termination. The following measures are part of the disciplinary process: warning, reprimand, suspension with or without pay, dismissal, demotion, or reduction in pay. The General Manager may discipline any employee for cause.

9. POLICY AGAINST HARASSMENT, DISCRIMINATION AND RETALIATION

The District is committed to providing a professional workplace in which individuals are treated with respect and in a manner consistent with the District's high expectations of ethical conduct. This necessarily means that the District prohibits unlawful harassment, discrimination, and retaliation in accordance with applicable laws. This includes harassment based on sex (which includes harassment based on sex, pregnancy, perceived pregnancy, childbirth, breastfeeding, and related medical conditions), as well as harassment, discrimination, and retaliation based on such factors as race (including hair texture, protective hairstyles, and other traits historically associated with race), color, religion and religious creed (including religious dress and religious grooming practices), national origin, ancestry, citizenship, age (40 years and older), mental disability and physical disability (including HIV and AIDS), legally-protected medical condition or information (including genetic information), protected medical leaves (requesting or approved for leave under the Family and Medical Leave Act or the California Family Rights Act), military and/or veteran status, service, or obligation, reserve status, national guard status, marital status, domestic partner status, gender, gender identity (including transgender identity), gender expression (including transgender expression), because an individual has transitioned or is (or is perceived to be) transitioning, sex stereotyping, sexual orientation, status as a victim of domestic violence, sexual assault or stalking, enrollment in a public assistance program, engaging in protected communications regarding employee wages or otherwise exercising rights protected under the National Labor Relations Act or California Fair Pay Act, requesting a reasonable accommodation on a protected basis such as disability or sincerely-held religious belief, practice, or observance, or any other characteristic protected by federal, state, or local laws.

The District strongly disapproves of and will not tolerate harassment, discrimination, or retaliation against applicants, employees, unpaid interns, or volunteers by managers, supervisors, co-workers or third parties with whom employees come into contact, consistent with applicable law. Similarly, the District will not tolerate harassment, discrimination, or retaliation by its employees directed toward non-employees with

whom the District employees have a business, service, or professional relationship (such as independent contractors, vendors, clients, volunteers, or interns).

Harassment is generally defined as verbal, physical, or visual conduct that creates an intimidating, offensive, or hostile working environment, or that interferes with an employee's work performance, and that is based on a protected status. Such conduct constitutes harassment when (1) submission to the conduct is made either an explicit or implicit condition of employment; (2) submission or rejection of the conduct is used as the basis for an employment decision; or (3) the harassment interferes with an employee's work performance or creates an intimidating, hostile, or offensive work environment.

As the definition above shows, harassing conduct can take many forms and may include, but is not limited to, the following (when based upon an employee's protected status as noted above): slurs, jokes, statements, gestures, assault, impeding or blocking another's movement or otherwise physically interfering with normal work, pictures, drawings, or cartoons, violating someone's "personal space," foul or obscene language, leering, stalking, staring, noises, unwanted or offensive letters or poems, offensive emails, texts, gifs, memes, or voicemail messages.

Sexually harassing conduct in particular may include all of these prohibited actions, as well as other unwelcome conduct, such as requests for sexual favors, conversation containing sexual comments, and other unwelcome sexual advances. For example, sexual harassment can be:

- Verbal: sexual innuendoes, sexually suggestive or degrading comments, text messages, gifs, memes, sexual jokes or slurs, graphic commentaries about a person's body, or repeated sexual advances or invitations.
- Nonverbal: displaying sexually suggestive objects, pictures, cartoons, magazines, calendars or posters, or making suggestive or insulting sounds, leering, whistling, or obscene gestures.
- Physical: offensive touching, brushing against a person's body, unwanted hugging or kissing, or impeding or blocking a person's normal movement. Sexually harassing conduct may arise if a reasonable person subjected to the conduct would find that the harassment so altered working conditions as to make it more difficult to do that person's job. Sexually harassing conduct can occur regardless of the sex, sexual orientation, or gender identity of the harasser or of the person being harassed. Sexually harassing conduct need not be motivated by sexual desire to be violative of this policy.

10. REPORTING AND INVESTIGATING HARASSING, DISCRIMINATORY AND RETALIATORY CONDUCT

All employees, independent contractors, interns, and volunteers of the District must promptly report any incidents of harassment, discrimination, and retaliation so that the District can take appropriate action. It is the responsibility of all of us to contribute to a work environment that is free of unlawful bias, discrimination, harassment, and retaliation. Failure to bring forth a complaint prevents the District from having the opportunity to correct the situation.

Any incidents of discrimination, harassment, or retaliation, including work-related harassment by any District personnel or any other person, or any conduct believed to violate this policy, must be reported immediately to the District's General Manager, who is responsible for investigating harassment complaints. An individual is not required to bring a complaint to the General Manager if the individual is uncomfortable doing so for any reason. In that case, complaints may be reported to the District Board President or any other District Board member should the Board President be unavailable.

Managers and supervisors have a special responsibility under this policy. All levels of management and all supervisors are responsible for compliance with this Policy Against Harassment, Discrimination, and Retaliation, and for ensuring that everyone in their Division is aware of, understands, and adheres to this policy. Supervisors and managers who receive complaints or who observe or learn of discriminatory, harassing, or retaliatory conduct must immediately inform the General Manager or other appropriate District official so that an investigation may be initiated.

Individuals making such complaints must report the facts as accurately and as completely as possible. Every reported complaint of harassment, discrimination, and retaliation is taken seriously by the District. Every reported complaint, including allegations of misconduct, will be investigated thoroughly and promptly by impartial and qualified personnel. Typically, the investigation will include the following steps: an interview of the employee who lodged the complaint to obtain complete details regarding the alleged harassment, discrimination, or retaliation; interviews of anyone who is alleged to have engaged in such conduct to respond to the claims; and interview of any employees who may have witnessed, or who may have knowledge of, the alleged conduct. The Office Manager or other District official responsible for the investigation will notify the employee who lodged the complaint of progress during the investigation, including documentation where applicable, and timely notification of the results of the investigation. The investigation will be handled in as confidential a manner as possible consistent with a fair, timely, and thorough investigation (e.g., parties will receive appropriate due process, the District will reach reasonable conclusions based on the evidence collected, etc.). Employees (or other complainants) making complaints are expected to cooperate fully with the person or persons designated to investigate the complaint.

The District prohibits conduct severe enough to be unlawful. Yet even more, the District's workplace conduct standards also prohibit conduct and comments which are not severe enough to violate state or local or federal law—but which are still inappropriate in the workplace. For example, the District prohibits abusive conduct in the workplace—whether or not it is based on a protected category. As a result, the District will take prompt, appropriate, and effective corrective action (e.g., remedial measures) any time it is established that discrimination, harassment, or retaliation in violation of this policy has occurred—whether or not such violation also violates the law.

Corrective action may include, for example: training, referral to counseling, or disciplinary action ranging from a verbal or written warning to termination of employment, depending on the circumstances.

The District will not tolerate retaliation against an individual for good faith reports of harassment, discrimination, or retaliation; assisting another in making a report; cooperating in an investigation; filing an administrative complaint with a government agency; or engaging in other protected activity. Such retaliation is a separate violation of the law and of District policy and is subject to disciplinary action up to employment termination. Individuals who believe they have experienced or been threatened with such retaliation, and any manager or supervisor who learns of possible retaliation, must immediately report it using the same Complaint Reporting Process above.

11. RESPECTFUL CONDUCT

The District is committed to providing a professional and respectful work environment. In addition to prohibiting all forms of discrimination and harassment, the District also prohibits any “intimidation or bullying” in the workplace or at any work-related events.

Bullying is abusive conduct that a reasonable person would be hostile, offensive, and unrelated to the District's legitimate business interests. It may include repeated infliction of verbal abuse, derogatory remarks, insults, epithets, verbal, or physical conduct that a reasonable person would find threatening, intimidating, or humiliating, or the gratuitous sabotage or undermining of a person's work performance.

Disciplinary action, up to and including termination, may be taken against any employee found to have violated this policy, amongst other appropriate actions.

Any individual who believes that they have been the subject of bullying should immediately report concerns to their direct supervisor or the General Manager, if needed. No employee will be subject to any form of retaliation for reporting an incident of bullying or for participating in the investigatory process, if needed.

12. VEHICLE USAGE

The District provides vehicles for employees to use while on “duty status”. These vehicles are to be used by District employees only, and for the sole purpose of District business. Further, District vehicles and District employees must remain inside PVCSD boundaries during all duty status hours with the exception of utilizing for necessary District business. PVCSD vehicles are not to be used for any form of after-hours activities, unless authorized by the General Manager in writing. The District’s gasoline tank is to ONLY be used to fill PVCSD’s vehicles. No gasoline shall be dispensed for employee’s personal use. The General Manager may in his or her discretion provide up to one (1) gallon of gas or a reasonable equivalent of electric vehicle charging to assist stranded motorists within the District.

District employees and Board members may, in the course of District business, drive District vehicles equipped with global positioning system (GPS) technology. GPS technology provides the District with business-related purposes such as vehicle, fuel use, diagnostic data, speed, location, routing, idling, and utilization information. Additionally, GPS technology greatly enhances District job performance, personnel safety, and distribution of District resources.

The District may participate in the California Department of Motor Vehicles (DMV) Employer Pull Notice (EPN) Program. Employees whose job description requires the possession of a valid California driver’s license must maintain their driver’s license with no limitations for operating District vehicles. Such employees are required to report any restrictions or validity of their DMV license status to the Office Manager and/or General Manager within twenty-four (24) hours or by the next business day upon notification by the DMV, law enforcement agency, or court.

Any violation of the aforementioned regulations will subject the employee to disciplinary action, up to and including termination. When an employee is authorized to use his/her personal vehicle in the performance of District work, he/she shall be reimbursed for the cost of said use on the basis of total miles driven and at the rate specified in the Internal Revenue Service Guidelines in effect at the time of said usage.

13. PROFESSIONAL CERTIFICATION

All applicants applying for vacant positions requiring certification must present evidence of certification prior to employment. District policy requires copies of certificates required to meet standards. The cost of renewal of certifications will be paid for by PVCSD on a reimbursement basis, as long as employment continues.

14. WAGES AND PAY DAY

It is the goal of PVCSD that employees shall be paid fair and equitable wages which compare to prevailing rates of surrounding districts in the area using like skills. Wage rates are determined on the basis of job evaluation and wage surveys conducted for all job classifications. Employee compensation and benefits will be evaluated by the Board of Directors annually to determine whether any changes will be made. The Board of Directors may, in its discretion, review one or more employees’ compensation and/or benefits to determine whether to make changes at other times.

Based on applicants’ knowledge, skills, certifications and abilities for the job position, the General Manager may assign base pay for newly hired employees at any range within the published salary schedule for the position the applicant was hired for.

All District supervisors or managers will conduct an annual performance review for each employee under their charge. The evaluation will be based on work performance, job skills, job duties, and District goals. Upon completion of the evaluation, the supervisor or manager will review the evaluation with the employee. The performance evaluation will be signed by the employee and supervisor. The General Manager will review to approve the evaluation, sign the evaluation, and file the forms in the employee’s personnel file. Employees with below average, average, or above average work performance scores will be eligible for an annual merit increase of up to 5% within the published salary schedule.

The General Manager at his or her discretion may increase an employee's base pay an additional 5%-10% for interim job assignments of a higher paying job classification. The General Manager may increase employee salary outside of their earned merit increases up to 10% of their current salary upon justification and approval of the majority of the District Board of Directors.

Cost of Living (COLA's) adjustments to employees' base salary or annual bonus pay may be approved by the District Board with consideration of economic indicators, the job market comparable and the financial conditions of the District.

Employees will be paid in full once every two (2) calendar weeks on Friday. The pay period will be the previous two (2) weeks. The workweek is defined as beginning Sunday, 00:01 A.M., and ending Saturday, 12 midnight for employees who work a regular four- or five-day schedule during a calendar week.

Employees are required to submit their time sheets (paper or online) to PVCSD Administration by Monday of the pay-week.

15. ON-CALL DUTY

Every 24-hour period, Monday through Friday, one utility employee is required to be available for "on call" for an emergency situation before or after normal work hours unless otherwise approved by the District General Manager. Compensation for that status is paid at a rate of \$10 per day when scheduled in addition to any overtime logged for the work required. Any call out after defined work hours shall be for a minimum of 2 hours at the employee's overtime rate. Each Saturday and Sunday, one utility employee is required to be available for "on call" for an emergency situation, and: (1) be scheduled for overseeing PVCSD's operations unless otherwise approved by the District General Manager, (2) shall be provided the necessary equipment to access the automated SCADA system, and (3) determine if being on-site is required. Compensation for this weekend status is paid at a rate of \$50 per day in addition to any overtime logged for the work required. Compensation for the performance of on-call duty during a District recognized holiday is paid at a rate of \$50. Scheduling for "On Call" duty is done by the Utility Division Supervisor or the District General Manager. Modification of this is subject to PVCSD review and may change at the discretion of the General Manager.

The on-call stipend compensates employees for general availability, carrying District communication devices, routine SCADA monitoring, incidental alarm review, and routine remote system checks that do not require substantial operational response.

Employees shall record actual time worked when after-hours activities extend beyond routine monitoring and involve substantial work-related duties, including but not limited to:

- active troubleshooting of system failures or alarms;
- operational adjustments or corrective actions;
- emergency response coordination;
- extended remote diagnostics or communications related to operational incidents; or
- physical response to District facilities or infrastructure.

Remote work requiring compensation shall be recorded in minimum increments of fifteen (15) minutes per occurrence. Any physical call-out requiring an employee to respond on-site outside scheduled working hours shall be compensated at a minimum of two (2) hours at the applicable overtime rate, unless otherwise required by law.

Employees are expected to accurately report all compensable time worked in accordance with District timekeeping procedures. Unauthorized overtime, failure to accurately report time worked, or abuse of on-call procedures may result in disciplinary action.

Scheduling and assignment of on-call duty shall be determined by the General Services Supervisor and/or General Manager based on operational needs. The District reserves the right to modify on-call procedures, assignments, compensation, and operational expectations at its discretion and in accordance with applicable law.

Due to the nature of shift work, Security Patrol Officers and Gate Attendants are compensated for working a shift other than the typical daytime hours. Those working the 'A' shift will receive an additional \$4.50 per day and those working the 'C' shift will receive an additional \$3.50 per day. Modification of this is subject to General Manager review and may change at its discretion.

16. FULL-TIME VS. PART-TIME EMPLOYMENT

Full-Time: A full-time employee is one who is regularly assigned to work 32 or more hours per week and shares weekend and holiday coverage as required by the job. Such employees are entitled to all full-time benefits of medical, vacation and sick leave. Full-time employees are eligible for annual performance reviews and wage reviews in accordance with District policy.

Part-Time: A part-time employee is one who is regularly scheduled to work less than 32 hours per week. This employee may share weekend and holiday coverage as required by the job. ~~Part-time employees are eligible for paid sick leave in accordance with California law and District policy. Eligibility for medical, vacation, holiday, and other benefits shall be determined at the discretion of the Board of Directors.~~ Part-time employees working 1000 hours or more per fiscal year are required to participate in the PERS retirement program. CALPERS retired annuitants may be hired as part-time employees. Retired annuitants are subject to related State law employment limitations including being limited to 960 hours of work per fiscal year. The General Manager in his or her discretion may at any time authorize the hiring of a temporary, and/or part-time employee to facilitate the necessary operational and administrative business of the District.

Deleted: 30

Deleted: Part-time employees' eligibility for medical, vacation or sick leave benefits is determined individually at the discretion of the Board of Directors

17. DISTRICT PROPERTY AND CONFIDENTIAL INFORMATION

The security and usage of District property is of vital importance to the District. District property includes not only tangible property, like desks and computers, but also intangible property such as confidential information. It is critical for the District to preserve and protect its confidential information, as well as the confidential information of customers, suppliers, and third parties. All employees are responsible for ensuring that proper security is maintained at all times. Further, any damage to District property may be grounds for discipline, up to and including termination.

"Confidential Information" means all information, not generally known, belonging to, or otherwise relating to the business of the District or its clients, customers, suppliers, vendors, affiliates or partners, regardless of the media or manner in which it is stored or conveyed, that the District has taken reasonable steps to protect from unauthorized use or disclosure. Confidential Information includes but is not limited to trade secrets as well as other proprietary knowledge, information, and know-how; non-public intellectual property rights, including business plans and strategies; manufacturing techniques; formulae; processes; designs; drawings; discoveries; improvements; ideas; conceptions; test data; compilations of data; and developments, whether or not patentable and whether or not copyrightable.

"Personal Identification Information" includes individually identifiable information about employees, customers, consultants, or other individuals, such as Social Security numbers, background information, credit card or banking information, health information, or other non-public information entrusted to the District regarding an individual's personal identity. There are laws in the United States and other countries that protect certain types of Personal Identification Information, and employees should not disclose such protected Personal Identification Information that has been acquired and retained by the District about other individuals to any third party or from one country to another without prior managerial approval.

Given the nature of the District's business, protecting Confidential Information and Personal Identification Information is of vital concern to the District. This information is one of the District's most important assets. It enhances the District's opportunities for future growth, and indirectly adds to the job security of all

employees. Failure to take reasonable measures to protect the District's Confidential Information may jeopardize its status as a trade secret. While employed by the District, employees must not use or disclose any Confidential Information or Personal Identification Information that they produce or obtain during employment with the District, except to the extent such use or disclosure is required in connection with performing their jobs. Employees may not use or disclose Confidential Information or Personal Identification Information for any reason after the employment relationship with the District ends. Misuse or unauthorized disclosure of Confidential Information or Personal Identification Information may result in immediate termination, as well as potential personal and criminal liability.

Nothing in this Guideline limits any rights an employee may have to discuss terms, wages, and working conditions of employment, or disclose information about sexual harassment or other unlawful acts in the workplace, as protected by applicable law. Employees are permitted to disclose Confidential Information that they are required to disclose pursuant to judicial order or other legal mandate. Should such a circumstance arise, the employee agrees to give the District prompt notice, prior to the deadline of the disclosure requirement, and to fully cooperate with any efforts by the District to obtain and comply with any protective order imposed on such disclosure.

Upon separation of employment, whether voluntary or involuntary, all tangible and intangible District property must be returned to the District immediately. This includes documents, materials, data files, and records of any kind, including any that contain Confidential Information or Personal Information, and any copies thereof. Also, the terminating employee must immediately notify the District if the employee has Confidential Information or Personal Information stored in the employee's personal computer, or in a mobile, cloud, or other storage medium, and work with the District to identify all such Information and its location and help ensure it is retrieved and/or permanently deleted by the District (or the District's designated agent).

18. DIVISIONAL TRANSFER

Any employee making a Division or job position transfer will be subject to a one hundred- and eighty-day (180) day probationary period in the new position. Any employee that does not successfully conclude a one hundred- and eighty-day (180) day probationary period in their new position will be subject to termination or a return to their previous position at the discretion of the District General Manager.

Any employee may be cross trained in the responsibilities of another job classification. Such employee shall be paid the rate appropriate to the job classification for the hours worked in that job classification once the employee formally assumes the new position and for the lowest rate of any qualified job classification for vacation pay, and the like.

19. HOURS OF WORK

A. Work Schedules and Shifts

The District establishes work schedules based on operational and administrative needs, as approved by the Board of Directors and General Manager. Standard schedules by classification are as follows:

- **General Services Supervisor and Utility Personnel:**
Utility employees work a 9/80 schedule over a two-week period. The regular schedule is 7:00 A.M. to 4:00 P.M., four (4) days per week, with every other Friday off. On scheduled working Fridays, hours are 7:00 A.M. to 3:00 P.M.
- **Administrative Personnel:**
District Administrative Office Hours of Operation: Monday through Friday, 8:00 A.M. through 4:00 P.M.
Administrative employees subordinate to the General Manager work a 9/80 schedule over a two-week period. The regular schedule is 7:30 A.M. to 4:30 P.M., four (4) days per week,

with alternating Fridays off. On scheduled working Fridays, hours are 8:00 A.M. to 4:00 P.M. The Office Manager will assign subordinate administrative staff schedules based on the above Administrative 9/80 schedule to ensure that District Administrative Office Hours of Operation are met uniformly, Monday through Friday, 8:00 A.M. through 4:00 P.M. These schedules will be regularly communicated to the General Manager. In no event shall the 9/80 schedule or any alternating Friday off be permitted to conflict with the Brown Act 72-hour agenda-posting deadline (Gov. Code § 54954.2) or any other deadline established by the General Manager, and the General Manager may direct the Office Manager to adjust or forgo a scheduled day off as any such deadline requires.

- **Patrol Officers:**
Patrol Officers work ten (10) hour shifts, four (4) days a week.
- **Security ~~Services Lead~~:**
The Security ~~Services Lead~~ typically works ten (10) hour shifts, four (4) days per week. With prior approval from the General Manager or the General Services Supervisor provided the General Manager is notified in advance, the Security ~~Services Lead~~ may alternatively work a 9/80 schedule over a two-week period.
- **Gate Attendants I/II:**
Gate Attendants work eight (8) hour shifts, five (5) days per week, to support round-the-clock security and dispatch operations.
- **Security Gate and Patrol Officer:**
Patrol Officer Duty Hours will apply as described above under “Patrol Officer” whereas Gate Attendant Duty Hours will apply as described above under “Gate Attendants”.

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Security Division shifts are designated as follows:

- **A Shift:** 12:00 A.M. to 8:00 A.M.
- **B Shift:** 8:00 A.M. to 4:00 P.M.
- **C Shift:** 4:00 P.M. to 12:00 A.M.

Shift hours and assignments may vary based on District needs and operational requirements as determined by the Security Division Supervisor. Although employees may be assigned specific schedules upon hire, the District reserves the right to reassign employees to different shifts, hours, or schedules as operational needs require.

Employees are expected to report to work on time and remain on duty for their entire scheduled workday unless otherwise approved.

Employees are expected to report to work on time and work their assigned schedule unless otherwise approved by their direct supervisor or the General Manager. Employees must remain on duty during scheduled work hours except during authorized breaks or approved leave. Non-exempt employees are required to accurately record all time worked each day using the District’s official timekeeping system. Working “off the clock,” including performing work before or after scheduled hours without recording time worked, is strictly prohibited. Any non-exempt employee who believes they are expected or directed to work without recording time worked must immediately notify the General Manager or another appropriate member of management so the matter can be promptly addressed.

B. Time-Keeping

Accurately recording time worked is the responsibility of every PVCSD employee. Federal and state laws require PVCSD to keep an accurate record of time worked by non-exempt employees in order to calculate employee pay and benefits. Time worked is all time actually spent on the job performing assigned duties.

Altering, falsifying, tampering with time records, or recording time on another employee’s time record may result in disciplinary action, up to and including termination of employment.

It is the employee's responsibility to sign their time records to certify the accuracy of time recorded. Each Division Supervisor will review the time records for their employees and then sign the time record before submitting it for payroll processing. The General Manager shall review all time records for accuracy once submitted to payroll.

C. Meal and Rest Periods

Non-exempt employees are provided paid rest breaks in accordance with applicable law.

Meal Periods

Due to the nature of District operations and the requirement to maintain continuous coverage for essential services, employees may be required to remain on duty during meal periods.

In such cases, meal periods will be provided as on-duty, paid meal periods and will be counted as time worked.

The District has determined that certain positions cannot be relieved of all duty during meal periods due to operational necessity, including but not limited to:

Emergency response requirements

Continuous service coverage

Lack of available relief personnel during assigned shifts

Employees will be permitted to consume a meal while on duty.

On-Duty Meal Period Agreement

All employees assigned to positions requiring on-duty meal periods must sign an On-Duty Meal Period Agreement acknowledging:

The nature of the work prevents relief from duty

The meal period is paid and counted as time worked

The agreement is voluntary and may be revoked at any time

Working through a meal period does not entitle an employee to leave work prior to the end of their scheduled shift.

Second Meal Periods and Waivers

Employees who work more than ten (10) hours in a workday are entitled to a second meal period in accordance with California law.

Employees may voluntarily waive the second meal period by signing a written waiver agreement, provided all legal requirements are met. Such waivers may be revoked at any time.

Waiving a meal period does not entitle an employee to leave work prior to the end of their scheduled shift.

Compliance and Reporting

Employees are responsible for accurately recording all time worked.

If an employee is unable to take a meal period or experiences an interruption that prevents a meaningful meal period, the employee must immediately notify their supervisor.

The District will compensate employees in accordance with applicable law for any non-compliant meal periods.

20. OVERTIME

The around-the-clock nature of District work may make it necessary for employees to work required overtime. All overtime requires prior approval of the supervisor.

Overtime is defined as: time worked in excess of forty (40) hours in a work week; (please note that this is limited to only those employees on the eight-hour, five-day week/ or on a 10-hour, four-day week); or time worked on a designated holiday by a full-time employee. Part-time and temporary employees are not eligible for holiday pay. Overtime shall be paid as time and one-half (1 ½ times regular rate). PVCSD recognizes holidays are paid at 2.0 times the regular rate of pay for hours worked on a District observed holiday. Security

and Gate personnel whose regularly scheduled day off falls on a holiday, will not receive holiday pay unless worked. PVCSD paid time off such as vacation or sick days are not considered hours worked for the purpose of calculating overtime.

21. EMPLOYEE ABSENCE FROM WORK

All employees are expected to be on time. Should an illness or emergency situation occur, and employee is unable to report to work at his or her regular time, the employee must notify their supervisor, if possible, at least two (2) hours before the start of the shift. The supervisor will advise the employee of the proper procedure to follow depending on the reason for and expected duration of the absence. All employees must contact the supervisor each day they are out unless otherwise instructed. Employees who fail to notify the supervisor in advance of absenteeism may be subject to disciplinary action or dismissal. Failure by an employee to return to work within 48 hours of the date he/she is scheduled to return to work from any type of approved leave or regularly scheduled time off, shall be considered job abandonment and an automatic resignation by the employee. The District will consider evidence of extenuating circumstances if it is submitted to the General Manager within 10 calendar days of the day the employee first failed to report to work. Any applicable leave of absence law governs in the event of a conflict with District policy.

22. HOLIDAYS

This policy shall apply to all regular, full-time, employees. Part-time and temporary/seasonal employees are not eligible for and do not receive holiday pay.

PVCSD recognizes the following paid holidays: New Year's Day, Martin Luther King Jr. Day, President's Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day and Thanksgiving Friday, and Christmas Day. An employee will be paid double time if they are required to work on a holiday. If a holiday falls on a weekend day, then the District will determine a preceding or succeeding day to be taken as the holiday. All employees will additionally receive one floating holiday per year. Utility staff and Administrative staff shall receive a paid shift for the observed holidays.

23. HEALTH BENEFITS

Under the terms of the policies established from time to time by the Board of Directors of the District, PVCSD provides medical insurance for full-time employees and their dependents. These benefits will commence on the 1st of the month following the end of an employee's 60 calendar days of employment. All benefits cease at the end of the month upon termination of employment, whether voluntary or involuntary, except as may be required to comply with applicable law. Employees' contribution for the cost of health care coverage for self and dependents shall be calculated and deducted based on 26 pay periods per year. The Board of Directors will review and establish the employees' contribution rate annually at its discretion. A dependent of an employee must be under the age of 26. For more information, please review Appendix C describing the District's benefits. Employees who elect not to participate in the District's medical insurance program are eligible to receive \$100 a month, \$1200 annually in lieu of health insurance. Employees may elect to add this benefit into their Health Reimbursement Account (HRA) subject to HRA limitations.

24. HEALTH REIMBURSEMENT ACCOUNT BENEFITS

Full-time employees will receive an annual Health Reimbursement Account. The approved annual amount will commence January 1 of each year and expire December 31 of each year. The amount is available to all full-time employees regardless if health insurance benefits have been elected through PVCSD or not. This amount can be used to offset the employee contribution paid each pay period, and/ or receipts can be submitted for medical services to be reimbursed. New hires will receive a prorated amount based on the number of remaining months in the year. Newly-hired District employees are eligible to utilize the Health Reimbursement Account only after successful completion of their one hundred and eighty (180) day probationary period. The Health Reimbursement account can be used retroactively for any qualifying expenses accumulated during that 180-day probational period. For employees who are subject to a

probationary period exceeding 180 days, this benefit will remain “Active” at the 180-day mark regardless of the initial probationary interval. For more information, please review Appendix C describing the District’s benefits.

25. LIFE INSURANCE BENEFITS

PVCSD provides a Group Term Life Insurance Policy to all full-time employees at a designated benefit amount to be paid in the event of death of an employee to the employee’s designated beneficiary(ies). This benefit will commence on the 1st of the month following the end of an employee’s ninety (90) days of employment. This benefit is offered by PVCSD at no charge to employees. For more information, please review Appendix C describing the District’s benefits.

26. RETIREMENT BENEFITS

PVCSD provides, through the California Public Employees Retirement System (CalPERS), a retirement plan for eligible employees. Employees are required to pay the employee contribution towards this benefit, percentages are determined annually by CalPERS. The Board of Directors will review and establish the benefits annually at its discretion. For more detailed information about specific benefits visit the CalPERS website and please review Appendix C describing the District’s benefits.

27. 457 SUPPLEMENT RETIREMENT BENEFITS

Since PVCSD participates in CalPERS, an optional 457 Supplement Retirement Benefit is also available. This benefit is available to any full-time employee. The contributions are pre-tax and can be adjusted at any time. For more information, please inquire at PVCSD office and please review Appendix C describing the District’s benefits.

28. VACATION POLICY AND ACCRUAL

PVCSD provides vacation, which is paid time off, for employees as a means to rest and rejuvenate. PVCSD encourages employees to utilize this benefit every year. PVCSD believes personal time off is an important means to enable continuation of strong performance and positive contribution to PVCSD, as well as encourage a balanced and enriching life for employees.

PVCSD will review and may change any of these vacation benefit provisions at its discretion.

A. Eligibility and Accrual

Full-time employees will accrue vacation according to continuous years of service in accordance with the following schedule:

From hire date, but less than 5 years of continuous employment: 3.08 hours per pay period (80 hours per year).

More than 5 years, but less than 15 years of continuous employment: 4.62 hours per pay period (120 hours per year).

More than 15 years of continuous employment: 6.16 hours per pay period (160 hours per year).

Part-time employees with continuous service who the General Manager has determined to be eligible to accrue vacation will accrue vacation in accordance with the above chart, on a pro-rated basis determined by normal hours worked. Active service for all employees commences with their first day of work and continues thereafter unless broken by an absence without pay or a leave of absence.

Vacation accrual for all PVCSD employees is limited to a maximum of 160 hours and may be used at any time upon approval from their Supervisor. The employee will not thereafter accrue additional vacation benefits until such time as he/she takes sufficient time off to reduce the total accrued vacation benefits below the maximum. At no point will an employee be allowed to have a negative balance. Employees will be eligible to begin accruing vacation ~~from the date of hire,~~

Deleted: upon successful completion of the probationary period

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B. Use of Vacation

Vacation leave is not an entitlement to be taken at the employee's discretion and must be approved in advance by the employee's Supervisor and/or General Manager.

Request Procedure

- Employees must submit a completed Vacation Request Form for all planned vacation leave.
- Advance Notice Requirement:
 - Vacation requests should be submitted at least fourteen (14) calendar days in advance of the requested leave.
 - Requests submitted with less than fourteen (14) days' notice may be denied based on operational needs.

Approval

- All vacation leave is subject to prior approval.
- Vacation is not approved until confirmed by your supervisor/management.
- Employees should not make travel or other non-refundable arrangements until vacation has been formally approved.

Operational Needs

- Approval of vacation requests is based on, but not limited to:
 - Staffing levels
 - Operational requirements
 - Workload demands
- Vacation is not approved until confirmed by your supervisor/management.
- Employees should not make travel or other non-refundable arrangements until vacation has been formally approved.

Failure to Obtain Approval

- Absence from work without approved vacation leave may be treated as unexcused absence and may result in disciplinary action, up to and including termination.

If a holiday occurs during an employee's approved vacation period, the day will be treated as a holiday rather than charged as vacation only if the employee is otherwise eligible for paid holidays. Employees in classifications that do not receive paid holidays unless worked will not receive holiday pay unless the holiday is worked.

PVCSD will not require an employee to take vacation time in lieu of sick leave or leave of absence during periods of illness. However, the employee may elect to take vacation time in the case of extended illness where available sick leave has exhausted.

Preference in selection of vacation dates will be governed by length of service subject to the needs of the District and as approved by the Division supervisor and General Manager.

C. Payment for Unused Vacation

Upon separation from PVCSD employment, or upon election of the employee, an employee will be paid for accrued, unused vacation days at 100% of the employee's hourly rate at the time of separation or time of election. In cases where an employee terminates employment with PVCSD, and has been permitted to take vacation time prior to actual accrual, the final paycheck will reflect a deduction relative to the amount of un-accrued time off taken.

29. SICK LEAVE

PVCSD provides paid sick leave in accordance with California law and District policy. The District's sick leave benefits are intended to comply with and exceed the requirements of the Healthy Workplaces, Healthy Families Act of 2014, as amended (California Labor Code section 245 et seq.). Employees are entitled to use paid sick leave for all purposes permitted by law and are protected from retaliation for the lawful use of sick leave. Sick leave may be used for an employee's illness, injury, or medical condition; preventive care, including medical, dental, and vision appointments; quarantine or isolation due to exposure to a contagious disease; or for any other purpose permitted under applicable law. Employees should provide advance notice to the General Manager when the need for sick leave is foreseeable. The District reserves the right to modify or discontinue discretionary benefits, consistent with applicable law.

A. Entitlement

Regular, full-time employees are provided with 78 hours of sick leave annually, and are provided with these hours on an accumulation basis each and every pay period. Any unused sick leave shall carryover to the following year with a cap of 180 hours.

Part-time are provided with a pro-rated sick leave entitlement based upon their hours worked.

Verification

In order to receive compensation while on sick leave, the employee shall notify his/her supervisor prior to the time for beginning the regular workday, or as soon thereafter as practical, or two days prior in the case of absence for a doctor's appointment.

Employees are required to notify their supervisor as soon as possible of their absence due to illness or injury.

PVCSD strictly prohibits any form of retaliation or discrimination against an employee for attempting to use or using paid sick leave under this policy, and for any other reason prohibited by applicable law. Employees who believe that they have been discriminated or retaliated against should report their concerns to District's General Manager.

B. Use of Sick Leave

Sick leave may be applied to the following non-exclusive circumstances:

1. An absence necessitated by an employee's personal illness or injury.
2. Medical and dental office appointments.
3. Absence from duty because the employee's presence is needed to attend to the serious illness of a member of his or her immediate family. For purposes of this policy, immediate family shall mean parent, step-parent, sibling, grandparent, spouse, child (of any age), grandchild, domestic partner or legal guardian. All conditions and restrictions placed on an employee's use of sick leave apply also to sick leave used for care of a family member.
4. Illnesses while on paid vacation will be charged to sick leave rather than vacation only under the following conditions:

- a. The illness or injury of the employee or member of the employee’s immediate family was of a nature that would preclude the effective use of vacation and would prevent the employee from performing his or her normal duties.
- b. The employee must notify the General Manager within four (4) calendar days of the beginning of the illness or prior to the end of his or her vacation leave, whichever is sooner, to request that his or her illness on vacation be charged to sick leave.
- c. PVCSD shall be under no obligation to extend the vacation beyond the original scheduled vacation ending date.
- d. Upon the employee’s return to work, the employee must furnish PVCSD with a certificate signed by a physician or other medical provider stating the nature of the medical condition and the period of disablement.

Sick leave may also be taken by an employee for the purpose of attending to an ill or injured member of the employee’s immediate family as permitted by law, including the “Kin Care” requirements set forth in California Labor Code section 233. Employees should notify their supervisor to the extent feasible in order to avoid disruptions in work schedule as a result of use of Kin Care time. Family members eligible for this coverage is defined in the California Labor Code and might include parents, children, and spouses.

In any use of sick leave, an employee’s account shall be charged to the nearest quarter hour for a non-exempt employee, while exempt employees will be charged only for full-day absences. At no point will an employee be allowed to have a negative balance.

An employee may be required to furnish a certificate issued by a licensed health care provider or other satisfactory evidence of illness, injury, medical condition or medical or dental office calls when PVCSD has notified the employee in advance of such a requirement or when the employee has been under the care of a physician.

C. Use of Sick Leave During Training Sessions and Other Off-Site Events

Training sessions, conferences, and other required PVCSD events that an employee attends for more than six (6) hours in a given workday shall be treated as a full eight (8)-hour day. However, if an employee is unable to attend all or a portion of the training or event due to illness or other incapacity, the employee must report to the General Manager the number of hours the employee missed due to illness so that the appropriate amount of time is deducted from the employee’s sick leave.

D. Sick Leave – Non-Payable at Separation

Sick leave has no cash value and is not paid out upon separation of employment, regardless of the reason for separation.

30. BEREAVEMENT

In the event of a death in the immediate family, an employee may ~~take up to five (5) days of bereavement leave upon the death of a family member. Bereavement leave need not be taken consecutively but must be completed within three (3) months of the date of death.~~ If and only in the event of bereavement-related travel, limited to outside of the State of California or exceeding 1,000 miles, whichever is greater, may the employee submit a request to the District General Manager for a two (2)-day extension of bereavement. This is in addition to regular sick leave and vacation time. Certification and documentation may be required by management. For purposes of this policy and defining an applicable bereavement based event: an employee’s immediate family is defined to include spouse, parents, children, brother, sister, grandparents, father-in-law, mother-in-law, sister-in-law, brother-in-law, domestic partner, or any other person who is a legal dependent of the employee.

Deleted: be granted a paid leave of absence not to exceed three (3) business days

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31. PREGNANCY-RELATED DISABILITY LEAVE

A. Eligibility

PVCSD recognizes that employees may be unable to work for temporary but extended periods of time due to pregnancy, childbirth, or related medical conditions. Accordingly, for any employee who is disabled by pregnancy, childbirth, or related medical conditions, PVCSD provides leave for the period of actual disability (“Pregnancy Disability Leave”), up to a maximum of four (4) months. Pregnancy Disability Leave may be taken intermittently, or on a reduced-hours schedule, as medically advisable. An employee may also be entitled to a reasonable accommodation for pregnancy, childbirth, or related medical conditions.

In accordance with applicable law and this policy, female employees may be eligible for a leave of absence and/or transfer based on pregnancy, regardless of length of service with PVCSD.

B. Pregnancy-Related Disability Leave

1. A woman is “disabled by pregnancy” if, in the opinion of her health care provider, she is unable to work at all or is unable to perform one or more of the essential functions of her job or to perform these without undue risk to herself, to the successful completion of her pregnancy, or to other persons.
2. Pregnancy disability leave is for any period(s) of actual disability caused by pregnancy, childbirth, or related medical conditions. Where medically advisable, pregnancy disability leave may be taken for a reasonable period of time, up to four (4) months per pregnancy (88 workdays for a full-time employee).

C. Leave Due to Normal Childbirth

An employee shall be entitled to the minimum leave entitlements required by applicable law.

D. Leave/Transfer and Other Reasonable Accommodation Requests

1. Whenever possible, an employee should submit a written request for Pregnancy Disability leave to the General Manager as soon as she is aware of the need for such leave. If the leave is foreseeable, the employee must provide 30 calendar days’ advance notice to the General Manager of the need for Pregnancy Disability Leave. If it is not practicable to give 30 calendar days’ advance notice of the need for such leave, the employee must notify the General Manager as soon as practicable after she learns of the need for such leave. If an employee fails to provide the requisite 30 days’ advance notice for a foreseeable need for leave, without any reasonable excuse for the delay, PVCSD reserves the right to delay the taking of the leave until at least 30 days after the date that the employee does provide such notice.
2. PVCSD shall respond to the leave or transfer request as soon as practicable and, in any event, no later than 10 calendar days after receiving the request. PVCSD shall attempt to respond to the leave request before the date the leave is due to begin. Once given, approval shall be deemed retroactive to the date of the first day of the leave.
3. Reasonable accommodation other than leave or transfer will be granted upon request. Such requests must be supported by a written certification from the employee’s health care provider.

E. Intermittent Leave

Pregnancy disability leave need not be taken in one continuous block. It may be taken on an as-needed basis, intermittently or on a reduced work schedule.

1. If it is medically advisable and foreseeable that an employee will be taking intermittent leave or leave on a reduced work schedule, PVCSD may require that the employee transfer temporarily to an available alternative position.
2. An “alternative position” is one that provides pay and benefits equivalent to those of the employee’s regular position and better accommodates recurring periods of leave than the employee’s regular job. It does not have to have equivalent duties. However, the employee must be qualified for the position.
3. Transfer to an alternative position may include altering an existing job to better accommodate the employee’s need for intermittent leave or a reduced work schedule.

F. Temporary Transfers

1. An employee may request a temporary transfer to a position with less strenuous or less hazardous duties where the employee’s health care provider certifies that such a transfer is medically advisable.
2. Temporary transfers will be granted where appropriate and when PVCSD is able to reasonably accommodate the transfer, provided that the transfer would not require PVCSD to:
 - a. Create additional employment;
 - b. Discharge another employee;
 - c. Violate a collective bargaining agreement;
 - d. Transfer a more senior employee in order to make room for the employee’s transfer; or
 - e. Promote or transfer the employee or any other employee to a position for which he/she is not qualified.

G. Certifications

1. As a condition of taking a pregnancy disability leave or transfer, the employee must provide medical certification from her health care provider that she is disabled due to pregnancy, childbirth or related medical conditions and/or that a transfer to an alternative position is medically advisable.
2. The medical certification should include:
 - a. The date on which the employee becomes disabled due to pregnancy or the date of the medical advisability for the transfer;
 - b. The probable duration of the period(s) of disability or the period(s) for the advisability of the transfer; and
 - c. A statement that, due to the disability, the employee is unable to work at all or to perform any one or more of the essential functions of her position without undue risk to herself, to the successful completion of her pregnancy, or to other persons or a statement that, due to pregnancy, the transfer is medically advisable.

H. Recertification

Recertification may be required where additional time is requested.

I. Fitness for Duty

The employee must provide certification from her health care provider of her fitness for duty prior to being reinstated.

J. Pay During Leave

1. Pregnancy disability leave is unpaid leave. However, the employee may request or PVCSD may require that the employee use accrued sick leave to provide pay during the period of leave.
2. An employee may also elect, at her option, to use accrued vacation or other accrued paid time off, if any, to provide pay during pregnancy disability leave.
3. The employee may also be eligible to receive temporary disability insurance payments during her pregnancy disability leave, and to coordinate the use of any accrued sick leave and/or vacation to supplement temporary disability insurance payments.

K. Reinstatement

1. The employee is entitled to be reinstated to the same or a comparable position upon release to return to work by her health care provider.
 - a. Where a definite date of reinstatement has been agreed upon at the beginning of the leave, the employee will be reinstated by the date agreed upon, provided that the employee has provided medical certification of her fitness for duty.
 - b. If the actual reinstatement date differs from the original agreement, the employee will be reinstated within two (2) business days, where feasible, after the employee notifies PVCSD of her readiness to return and provides medical certification of her fitness for duty.
 - c. Failure to return to work on the next workday following the expiration of pregnancy disability leave may be grounds for termination of employment.
2. The employee is not, however, entitled to any greater right of reinstatement than she would have had if she had not taken leave. Thus, reinstatement to the "same position" may be denied if:
 - a. For legitimate business reasons, unrelated to the employee having taken a pregnancy disability leave or transfer, the employee would not otherwise have been employed in her same position at the time reinstatement is requested; or
 - b. Each means of preserving the job or duties for the employee (such as leaving it unfilled or filling it with a temporary employee) would substantially undermine PVCSD's ability to operate safely and efficiently.
3. Also, the employee has no greater right to reinstatement to a "comparable position" or to other benefits and conditions of employment than an employee who has been continuously employed. Thus, reinstatement to a comparable position may be denied if:
 - a. There is no comparable position open on the employee's scheduled date of reinstatement or within 10 business days thereafter; or
 - b. a comparable position is available, but filling the available position with the returning employee would substantially undermine PVCSD's ability to operate safely and efficiently.

L. Seniority and Benefits

1. In general, employees taking pregnancy disability leave will be treated the same as other similarly situated employees taking disability leave.
2. The employee returning from a pregnancy disability leave shall return with no less seniority than she had when the leave commenced for purposes of layoff, recall, promotion, job assignment, and seniority related benefits such as vacation.
3. The employee shall retain employee status during the period of leave, and the leave shall not constitute a break in service for purposes of longevity and/or seniority.

M. Group Health Insurance

PVCSD will continue to pay its share of the premium for the employee's health insurance that PVCSD would have paid but for the employee's pregnancy disability leave. The employee will be responsible for paying for his or her share of the premium as well as his or her same share of dependent coverage, and such payment will be due at the same time as if it had been made by payroll deduction. Such PVCSD payment will continue for a maximum of four (4) months in any 12-month period, beginning on the date the pregnancy disability leave commences. If the employee is not eligible for continued paid coverage or if coverage ceases, the employee may continue group health insurance coverage pursuant to Cal-COBRA guidelines.

32. CALIFORNIA FAMILY RIGHTS ACT

The California Family Rights Act (CFRA) authorizes eligible employees to take up a total of 12 weeks of paid or unpaid job-protected leave during a 12-month period. While on leave, employees keep the same employer-paid health benefits they had while working. Eligible employees can take the leave for those reasons specified under the California Family Rights Act (2 CCR § 11087).

Employees must notify PVCSD as soon as they are aware of the need for such leave. For foreseeable leave, the employee must provide 30 calendar days' advance notice. For events not foreseeable 30 days in advance, the employee must give notice as soon as is practicable, and generally must comply with PVCSD's normal call-in or notice procedures. All requests for CFRA Leave should include enough information to make PVCSD aware that the employee needs qualifying leave, and the anticipated timing and duration of the leave, if known. If an employee fails to provide the requisite 30-day advance notice for foreseeable events without a reasonable excuse for the delay, PVCSD reserves the right to delay the start of the leave until at least 30 days after the date on which the employee does provide such notice. Once aware the employee needs leave, PVCSD will inform the employee as to whether the employee is eligible under CFRA for such leave. PVCSD may request documentation evidencing the need for such leave as permitted by law.

Eligible employees who take CFRA Leave should note that they are guaranteed employment in the same or a comparable position upon termination of such leave, subject to any exceptions provided by law.

If PVCSD employs both parents who are entitled to CFRA Leave, both employees are entitled to 12 weeks of leave each.

PVCSD will not discriminate against an employee for exercising CFRA rights or giving information or testimony as to the employee's or another person's CFRA Leave; nor will PVCSD interfere with or limit the exercise or attempted exercise of such rights.

33. MILITARY LEAVE OF ABSENCE

PVCSD will grant employees a military leave of absence to the extent required by applicable federal and state law.

34. MILITARY SPOUSE LEAVE

Qualified California employees will be given up to 10 days leave during that time in which the employee's spouse or domestic partner is on leave from deployment in a combat zone with the active duty or reserve military or national guard during a period of military conflict. Employees may use accrued vacation time to cover this absence. If the employee has no accrued vacation, the employee must request time off without pay.

Qualifying employees are employees who work an average of 20 hours per week and have a spouse or domestic partner who is serving as (1) a member of the U.S. Armed Forces and who has been deployed during a period of military conflict to an area designated as a combat theater or combat zone by the President of the United States or (2) a member of the Armed Forces Reserve Components or the National Guard and has been deployed during a period of military conflict.

Qualifying employees who wish to request this leave must provide PVCSD with a written request for such leave within two (2) business days of receiving official notice that the military spouse or domestic partner will be on leave from deployment. The employee must also provide written documentation to PVCSD certifying that the military member will be on military leave from deployment.

35. JURY DUTY LEAVE

An employee summoned for jury duty will immediately notify PVCSD Manager. PVCSD will provide employees time off to serve, as required by law, on a jury or grand jury if the employee provides reasonable advance notice. PVCSD will also provide employees with time off to appear in court or other judicial proceedings as a witness to comply with a valid subpoena or other court order.

While serving on a jury, employees will be given a paid leave of absence for the entire duration of their jury service. Said paid leave of absence is conditional upon the employee returning to work upon dismissal each day to complete his/her remaining normal workday. It is also conditional upon the employee's conveyance to PVCSD of any compensation received as a juror, not including any travel allowance.

36. VOTING LEAVE

PVCSD encourages all employees to perform their civic duty by participating in elections. In circumstances where an employee's work schedule does not provide sufficient time off to vote on an election day, PVCSD will provide employees with a reasonable amount of time off to vote during scheduled work time, up to two (2) hours of paid time off. Employees who require time off to vote must notify their supervisor at least two (2) days prior to each election day and must submit proof of voting. PVCSD reserves the right to specify a time period in which employees are permitted to leave work in order to vote. With approval of the General Manager, employees may use vacation pay to cover any work missed in excess of the two (2) hours paid by the District.

37. DISCRETIONARY LEAVE

PVCSD authorizes unpaid discretionary leave for medical or other reasons constituting good cause away from assignment. An unpaid discretionary leave must be approved by the General Manager. No unpaid discretionary leave shall be granted unless the employee requests the leave in writing and includes the reason for the request. Approval by the appropriate authority shall be in writing. No unpaid discretionary leave pursuant to this section shall be requested or authorized for the purpose of imposing disciplinary action upon any employee.

There is no entitlement to be reinstated in the exact position the employee occupied prior to the leave, PVCSD is allowed to place the employee back in a substantially similar position. Additionally, if the position is subjected to layoff during the employee's absence, he or she is not insulated from layoff because of being on leave. This section is designed to grant special requests for unpaid discretionary leave which are not specifically addressed in other sections of these policies. An employee on an unpaid discretionary leave shall

not receive compensation or accrue sick leave, vacation, or holiday credits. After 30 consecutive business days on an unpaid discretionary leave, employer contributions to retirement, life insurance, medical, dental, or other designated benefit plans shall be suspended until the employee is reinstated. However, upon approval of unpaid discretionary leave, the employee may elect to continue his or her benefits coverage at his or her own expense, with the exception of retirement benefits which may not be so continued. Any employee requesting unpaid discretionary leave shall utilize all of his or her accrued compensatory time-off, administrative leave, and vacation time prior to the start of the unpaid discretionary leave.

If an employee takes an unpaid discretionary leave while on probation, his or her probationary period shall be extended the same length of time as the leave without pay. Such extension of probationary periods which arise as a result of this policy shall not be perceived as casting aspersions on any employee, but rather as a way to more accurately monitor employee performance.

Upon expiration of an approved unpaid discretionary leave, PVCSD shall endeavor to return the employee to the same or equivalent position he or she occupied at the time leave was granted. Unauthorized failure on the part of an employee to report to work upon expiration of the unpaid discretionary leave shall constitute job abandonment and will result in dismissal, unless the failure to report was due to an employee's continued leave as a disability accommodation under the Americans with Disabilities Act or Fair Employment And Housing Act. Where a disability is at issue, PVCSD will engage the employee with an interactive process meeting to determine whether a reasonable accommodation could bring the employee back to work or whether additional discretionary leave is a reasonable accommodation.

38. LEAVE RELATED TO DOMESTIC VIOLENCE, SEXUAL ASSAULT, OR STALKING

PVCSD will provide time off to an employee who has been the victim of domestic violence, sexual assault or stalking to seek any relief, including, but not limited to, a temporary restraining order, restraining order, or other injunctive relief, to help ensure the health, safety, or welfare of the victim or his or her child. This includes time off for court proceedings, services from a domestic violence shelter, program or rape crisis center, counseling, medical attention, and participation in safety planning programs. PVCSD requires reasonable advance notice of the leave when feasible. If time off is taken due to an emergency, the employee must, within 15 days of the absence, provide PVCSD with certification of the need for the leave such as a police report, court order, documentation from a healthcare provider, victims advocate, or counselor.

Employees eligible for paid sick leave benefits under California law may take any such available paid time off, consistent with such law, for the purposes set forth in this policy. For more information, please see the Sick Leave policy. In the event paid sick leave benefits are not available, employees taking leave under this policy may elect to apply accrued and unused vacation to such time.

PVCSD prohibits discrimination, discharge, or retaliation against an employee for taking time off or requesting an accommodation under this policy, or based on the employee's status as a victim of domestic violence, sexual assault, and/or stalking.

39. CRIME VICTIMS' LEAVE

PVCSD will provide time off to an employee to attend judicial proceedings related to a crime, if that employee is a victim of crime, an immediate family member of a victim, a registered domestic partner of a victim, or the child of a registered domestic partner of a victim. PVCSD requires that where feasible, in advance of taking leave, the employee provide it with a copy of the notice of each scheduled proceeding that is provided to the victim by the agency responsible for providing notice. If advance notice is not possible, the employee is required to provide PVCSD with a copy of the notice within a reasonable time.

No employee who is absent from work pursuant to this provision will be discharged or otherwise discriminated against in compensation or other terms, conditions or privileges of employment, because of such absence. Such leave is unpaid. Employees taking leave under this policy may elect to apply vacation time to such leave.

40. LEAVE FOR ORGAN AND BONE MARROW DONATION

PVCSD will grant an employee the following leaves of absence:

- Bone Marrow Donation: A paid leave of absence of up to five (5) business days in any one-year period for the purpose of donating the employee's bone marrow to another person.
- Organ Donation:
 - A paid leave of absence of up to 30 business days in any one-year period for the purpose of the employee donating the employee's organ to another person.
 - An additional unpaid leave of absence, not exceeding 30 business days in a one-year period, for the purpose of the employee donating the employee's organ to another person.

For leaves of absence under this policy that are paid, if an employee has earned and unused sick or vacation time available, the employee is required to first use up to five (5) days of such paid sick or vacation time for a bone marrow donation and up to two (2) weeks of sick or vacation time for organ donation.

In order to receive a leave of absence pursuant to this policy, the employee must provide written verification to PVCSD's District's General Manager that the employee is an organ or bone marrow donor and that there is a medical necessity for the donation of the organ or bone marrow.

Any leave taken for the donation of an organ or bone marrow will not constitute a break in service for purposes of the employee's right to salary adjustments, sick leave, vacation, annual leave, or seniority. During any leave taken under this policy, PVCSD will maintain and pay for coverage under any group health plan, for the full duration of this leave.

Leave provided under this policy may be taken in one or more periods. Leave taken under this policy will not run concurrently with any leave taken pursuant to the federal Family and Medical Leave Act or the California Family Rights Act.

Upon expiration of a leave of absence authorized by this policy, PVCSD will restore the employee to the position held by the employee when the leave began or to a position with equivalent seniority status, employee benefits, pay, and other terms and conditions of employment. PVCSD may decline to restore an employee because of reasons unrelated to the employee's exercise of rights under this policy.

41. EXPECTATIONS FOR PVCSD PERSONNEL

Employees are expected to be at their workplace and ready for work at the established starting time and are expected to perform their work assignments.

Employees shall not gather on PVCSD property nor conduct personal business during work hours. Protective equipment that is required or provided by the PVCSD must be properly utilized and maintained by employees as directed at all times.

Employees must report all injuries or accidents to their supervisor at once.

Employees are required to promptly notify the General Manager of any changes in personal status, such as name, address, telephone, marital status, etc. within five (5) business days of the change.

An employee shall not cause defective work nor interfere with the work of others.

An employee must be physically capable of performing work assignments.

Employees must perform all assigned duties and fulfill their responsibilities to PVCSD. Productivity and workmanship must be up to PVCSD standards.

An employee must be available for work as scheduled or requested.

Employees shall be responsible for all PVCSD property that has been placed in their custody.

Employees shall not neglect their job, duties or responsibilities, nor refuse any work assigned to them.

42. FUNDAMENTAL RULES OF SAFETY

Every employee is responsible for safety. To achieve our goal of providing a completely safe workplace, everyone must be safety conscious. Employees should report any unsafe or hazardous condition or act and any defective or damaged equipment they observe to the supervisor immediately.

Employees are required to be familiar with relevant work procedures and safe work practices and know where the first aid medical kit is located as well as fire extinguishers. Employees are required to report all personal injuries, regardless of how serious, to the supervisor or General Manager and get immediate first aid. Failure to report accidents can result in a violation of legal requirements and can lead to difficulties in processing insurance and benefit claims.

If an employee is injured on the job, he or she will be entitled to benefits under applicable state workers' compensation law. PVCSD carries workers' compensation insurance and will assist employees to obtain all benefits to which they are legally entitled. Willful misconduct (e.g., horseplay, skylarking, initiating workplace physical aggression, etc.) will negate an employee's workers' compensation benefits.

43. WORKPLACE VIOLENCE PREVENTION POLICY

The District recognizes that workplace violence is a concern among employers and employees across the country. The District is committed to providing a safe, violence-free workplace. In this regard, the District strictly prohibits employees, consultants, customers, visitors, or anyone else on District premises or engaging in a District-related activity from behaving in a violent or threatening manner. Moreover, the District seeks to prevent workplace violence before it begins and reserves the right to address certain behaviors, even in the absence of violent behavior. In an effort to prevent as well as investigate potential workplace violence, the District may utilize security cameras on District vehicles, property or security personnel to monitor workplace locations. The District believes that prevention of workplace violence begins with recognition and awareness of potential early warning signs and has established procedures within the General Manager for responding to any situation that presents the possibility of violence.

Workplace violence is any act or threat of physical violence, harassment, intimidation, or other threatening disruptive behavior that occurs at the worksite, ranging from threats and verbal abuse to physical assaults and even homicide, that can affect and involve employees, clients, customers and visitors. If any employee observes or becomes aware of any of any workplace violence related actions or behavior by an employee, customer, consultant, visitor, or anyone else, he or she should notify the Office Manager or General Manager immediately. Further, employees should notify the Office Manager or General Manager if any restraining order is in effect, or if a potentially violent non-work-related situation exists that could result in violence in the workplace.

All reports of workplace violence will be taken seriously and will be investigated promptly and thoroughly. In appropriate circumstances, the District will inform the reporting individual of the results of the investigation. To the extent possible, the District will maintain the confidentiality of the reporting employee and of the investigation. The District may, however, need to disclose results in appropriate circumstances, for example, in order to protect individual safety. The District will not tolerate retaliation against any employee who reports workplace violence.

If the District determines that workplace violence in violation of this policy has occurred, the District will take appropriate corrective action and will impose discipline on offending employees. The appropriate discipline will depend on the particular facts but may include written or oral warnings, probation, reassignment of responsibilities, suspension, or termination. If the violent behavior is that of a non-employee, the District will take appropriate corrective action in an attempt to ensure that such behavior is not repeated.

Under certain circumstances, the District may forego disciplinary action on the condition that the employee takes a medical leave of absence. In addition, the District may request that the employee participate in counseling, either voluntarily or as a condition of continued employment.

44. UNIFORM AND PROTECTIVE CLOTHING

PVCSD provides uniforms for all its permanent security patrol, gate and utility employees. Employees are responsible for maintenance and repairs of uniforms. All employees are expected to wear their appropriate uniforms while on duty.

Should personnel leave employment within their first one hundred and eighty days (180) days of employment, the employee will be responsible for the cost of the uniforms. Pursuant to applicable law, the amount deducted from the employee's final paycheck for the cost of the uniforms will be limited to an amount that will not cause the employee to be paid at a rate less than minimum wage.

District Uniform Reimbursement

All reimbursements for any uniforms or protective clothing must be compliant with uniform standards as deemed necessary by PVCSD management and include any applicable logos or design consistent with PVCSD standards as deemed necessary by management. All reimbursements require receipts for proof of purchase prior to the disbursement of reimbursement.

Utility Employees

- Up to one hundred dollars (\$100), once per calendar year, for the required steel-toe (or safety equivalent) boots.
- Up to one hundred dollars (\$100), once per calendar year, for the cost of replacing denim work pants.
- Up to fifty dollars (\$50), once per calendar year, for the cost of replacing a District long sleeve or short sleeve work shirt.

Security Patrol

- Up to one hundred dollars (\$100), once every two (2) calendar years, for the cost of black tactical boots.
- Up to one hundred dollars (\$100), once per calendar year, for the cost of replacing uniform pants, uniform shirts, or any uniform security cap.

Security Gate Attendants

- Up to fifty dollars (\$50), once every calendar year, for the cost of replacing any uniform short sleeve shirt, or any qualifying purchase towards black shoes or black pants consistent with the uniform standards as deemed necessary by PVCSD management.

45. DRESS CODE

Administrative employees are required to dress business casual with the exception of Friday's. Administrative employees enjoy casual dress on Fridays.

Security personnel expectations are located on Appendix B.

46. DRUG AND ALCOHOL POLICY

It is PVCSD's desire to provide a drug-free, safe, healthy, and productive workplace. To promote this goal, employees are required to report to work in appropriate mental and physical condition to perform their jobs in a satisfactory manner. Substance abuse can affect job performance, employee and public safety and the public's perception of the District and its operations. This policy shall apply to all employees of the District. Additional rules and procedures may be applicable to safety-sensitive positions.

PLEASE NOTE: Despite Proposition 64's legalization of marijuana under California law, the District still considers it a prohibited drug for purposes of this policy as it remains illegal under Federal law. Being under the influence of marijuana, at any level of intoxication, is prohibited. No level of cannabinoids in an employee's system is acceptable. Use, possession, purchase, sale, or distribution of marijuana are grounds for discipline, mostly likely termination. Employee use of marijuana is not excused even when used as "medical marijuana."

While on PVCSD's premises and while conducting business-related activities off PVCSD's premises, no employee may use, possess, distribute, sell, or be under the influence of alcohol or illegal drugs. The legal use of prescribed drugs is permitted on the job only if it does not impair an employee's ability to perform the essential functions of the job effectively and in a safe manner that does not endanger other individuals in the workplace. The reasonable use of alcohol may be allowed during work-related meetings and conferences conducted outside of working hours if alcohol is being served at such function.

A. Prohibited Conduct

Employees are strictly prohibited from being **impaired** by alcohol, cannabis, or any controlled substance while:

- On District premises;
- Performing District business;
- Operating District vehicles, machinery, or equipment; or
- Representing the District in any official capacity.

"Impairment" means a demonstrable reduction in an employee's ability to safely and effectively perform the essential functions of their position.

The use, possession, sale, distribution, or manufacture of illegal drugs, or the misuse of prescription or over-the-counter medication, during working time or on District premises is prohibited.

The lawful use of prescribed medication is permitted only if it does not impair the employee's ability to perform job duties safely and does not pose a risk to the employee, coworkers, or the public. Employees are responsible for notifying the General Manager if a prescribed medication may affect their ability to safely perform their job duties.

The reasonable consumption of alcohol may be permitted at District-approved events occurring outside of normal work hours where alcohol is served, provided such use does not result in impairment, inappropriate conduct, or safety concerns.

B. Prohibited Conduct

Consistent with California law, the District will not discriminate against or take adverse action against an employee solely based on lawful off-duty cannabis use or the presence of non-psychoactive cannabis metabolites in an employee's system.

Nothing in this policy permits employees to be impaired by cannabis while on duty or performing District business. Employees are prohibited from possessing, using, or being impaired by cannabis during working time, on District premises, or while operating District equipment or vehicles.

Employees in safety-sensitive positions may be subject to additional restrictions and testing as permitted by law. This policy does not limit the District's obligation to comply with federal drug-free workplace requirements or other applicable regulations.

C. Reasonable Suspicion Testing

The District may require drug and/or alcohol testing when there is **reasonable suspicion** that an employee is impaired while on duty or on District property.

Reasonable suspicion must be based on specific, objective, and articulable facts, such as observable behavior, appearance, speech, or performance indicators, and must be documented in writing.

Only the General Manager, Office Manager, Division Supervisors, or other designated personnel trained in recognizing impairment may authorize reasonable suspicion testing.

Employees who are reasonably suspected of impairment will be removed from duty pending further evaluation and will not be permitted to continue working. The District will arrange appropriate transportation to a testing facility and/or the employee's residence, as necessary.

An employee's refusal to submit to authorized testing may result in disciplinary action, up to and including termination of employment.

D. Federally Mandated Testing

The District will comply with all drug and alcohol testing requirements mandated by federal or state law, including those under the Drug-Free Workplace Act and U.S. Department of Transportation (DOT) regulations. Employees subject to federally mandated testing are required to comply with all applicable testing protocols.

E. Random Testing – Safety Sensitive Positions

Employees in designated safety-sensitive positions may be subject to random drug and/or alcohol testing as permitted by law. Random testing will be conducted by an independent third-party administrator using lawful selection and testing procedures. Employees subject to DOT testing requirements are excluded from this section.

Safety-sensitive positions are identified in Appendix D of this Handbook.

F. Post-Accident Testing

Employees may be required to undergo drug and/or alcohol testing following a workplace accident involving District equipment or vehicles that results in injury or property damage, where there is reasonable suspicion that impairment may have contributed to the incident.

Testing will be conducted as soon as practicable following the incident. Leaving the accident scene without authorization prior to testing may be considered a refusal to test and may result in disciplinary action, up to and including termination.

G. Testing Procedures

All drug and alcohol testing will be conducted in a manner that respects employee privacy and complies with applicable laws.

1. Employees may be required to sign consent and release forms as a condition of employment.
2. Test results will be maintained confidentially on a need-to-know basis.
3. Employees may request a copy of their test results.
4. Employees may request an independent analysis of a retained sample at their own expense.
5. Testing laboratories will be properly certified and authorized.

H. Disciplinary Action and Rehabilitation

Violation of this policy may result in disciplinary action, up to and including termination of employment.

At the District's discretion and where permitted by law, an employee who tests positive or admits to impairment may be offered the opportunity to participate in a rehabilitation or treatment program. Participation in such a program does not guarantee continued employment or reinstatement.

Any conditions of continued employment or reinstatement will be determined on a case-by-case basis and may include follow-up testing and written agreements.

I. Voluntary Requests for Assistance

Employees who voluntarily seek assistance for substance dependency prior to any policy violation or disciplinary action are encouraged to do so and may be eligible for leave or referral to available support resources, subject to District approval and operational needs.

J. Drug-Free Workplace Act Reporting

Employees performing work related to a government contract or grant must notify the District within five (5) calendar days of any criminal conviction for a drug-related offense occurring in the workplace, as required by the Drug-Free Workplace Act.

Appendix A

**LIST OF VIOLATIONS OF DISTRICT RULES AND REGULATIONS LIKELY TO LEAD TO
DISCIPLINE - UP TO AND INCLUDING TERMINATION**

VIOLATIONS OF DISTRICT RULES AND REGULATIONS
Theft
Reporting for shift under the influence of alcohol or illegal drugs, including prescription drugs without a valid prescription, or using the above while on duty.
Falsifying official documents, logs, records, reports, etc.
Sleeping while on duty.
Utilizing District property for personal business.
Leaving early without supervisor authorization.
Refusal or failure to perform work assigned, or to comply with supervisor's instructions.
Possession of any alcoholic beverage on District property.
Possession of illegal drugs, including legal prescriptions drugs without a valid prescription.
Carelessness in the performance of duty.
Excessive tardiness or absenteeism.
Failure to notify supervisor when unable to report for work.
Use or possession of any un-authorized weapon.
Dishonesty
Neglect of duty
Incompetence or inefficiency
Misuse of District property
Discourteous treatment of the public or fellow employees

* This is not an exhaustive list of potential violations of PVCSD rules and regulations.

Appendix B

**Pauma Valley Community Services District
Security Personnel Policy**

RE: Uniforms/Equipment

Effective immediately: Each Patrol Officer shall have the following while on duty.

- Clean Uniform
- Polished Badge
- Name Tag
- Clean Shoes

Equipment:

- Duty Belt
- Chemical Spray
- Handcuffs/keys
- Flashlight

This policy is effective immediately. Failure to comply with District Policy will result in disciplinary action.

Equipment Subject to inspection at request of the General Manager, General Services Supervisor, or Security Services Lead at any time while the officer is on duty.

First Offense: Verbal and/or Written Warning.

Second Offense: 3 Day Suspension without Pay.

Third Offense: Supervisory Review/Subject to Termination.

Employee: (print name) _____ Signature: _____
Security Services Lead: _____
General Services Super.: _____

Appendix C

Pauma Valley Community Services District Employee Benefits Summary

HEALTH INSURANCE

The District currently offers a choice of HMO Gold Plans through California Choice Administrators. The District pays 80% of the premium for health insurance for employees and their dependents. Employees can choose plans annually during the open enrollment period in December, or anytime there are major life-changing events (i.e. marriage, birth, death). Employees become eligible for this optional benefit the first day of the month following 60 days of employment.

HEALTH REIMBURSEMENT ACCOUNT

Full time employees will receive an annual Health Reimbursement Account based on their family status. The approved annual amount will commence on January 1 of each year and expire December 31 of each year. The amount is available to all full-time employees after the successful completion of their one hundred and eighty (180) probational period, regardless if health insurance benefits have been elected through the District or not. An employee may use their HRA retroactively to cover qualifying expenses accrued during their probational period. This amount can be used to offset the employee contribution paid each pay period, and/ or receipts for medical services to be reimbursed can be submitted with the completed Request for Reimbursement Form. New hires will receive a prorated amount based on the number of remaining months in the year.

- \$1,250 is provided to an individual.
- \$1,750 is provided to an employee who is married or in a legal partnership.
- \$2,250 is provided to an employee who is married or in a legal partnership with one or more children, or a single parent with one or more children.

LIFE INSURANCE

Group Term Life Insurance is provided by Principal Life Insurance Company with a benefit amount of \$50,000 at no cost to the employee. Employees become eligible for this benefit the first day of the month following 90 days of employment for the duration of their employment. Effective 7/1/2022 all new employees must complete the Principal Life Insurance Company Evidence of Insurability Health Questionnaire (EOI). If determined to be ineligible by Principal Life Insurance Company based on the EOI, the Group Term Life Insurance benefit coverage will be \$25,000 at no cost to the employee.

PENSION PLAN

The District contracts with the California Public Employees Retirement System (CalPERS):

- 3% @ 60 benefit formula for Classic Members – eligible existing members only
- 2% @ 62 benefit formula for PEPRA members – any employee hired after 1/1/2013

SOCIAL SECURITY

The District participates in the Social Security System. The current employee contribution rate is 6.2%.

DEFERRED COMPENSATION

The district offers an IRS Section 457 Deferred Compensation Plan with CalPERS. The CalPERS 457 is on an individual voluntary basis. Employees are eligible to begin making contributions at any point in their employment and may adjust contribution amounts at any time.

HOLIDAYS

The District observes the following paid holidays. Any employee who works any portion of a shift on the following days shall be paid Double Time for the entire shift worked.

- New Year's Day - January 1
- Martin Luther King Jr. Day – third Monday in January
- Presidents Day - third Monday in February
- Memorial Day - Last Monday in May
- Independence Day - July 4
- Labor Day - First Monday in September
- Veterans' Day – November 11
- Thanksgiving Day - fourth Thursday in November
- Black Friday Day – fourth Friday in November
- Christmas Day - December 25
- One Floating Holiday - to be selected by employee per calendar year (Floating Holiday does not carry over and is subject to Supervisor or Managerial approval and is based on operational needs)

For Administrative Staff and Utility Staff only: If a holiday falls on a Saturday, the preceding Friday will be observed. If any holiday falls on a Sunday, the following Monday will be observed.

VACATIONS

Regular full-time employees accrue vacation hours from date of hire. The annual accumulation is based on completed years of service. Vacation may be taken at any time provided the employee has completed the Vacation Request and submitted to their supervisor for approval or denial.

From hire date, but less than 5 years of continuous employment: 3.08 hours per pay period (80 hours per year)

More than 5 years, but less than 15 years of continuous employment: 4.62 hours per pay period (120 hours per year)

More than 15 years of continuous employment: 6.16 hours per pay period (160 hours per year)

Employees are permitted to take all or a portion of their vacation each year and to accumulate vacation time up to a maximum of 160 hours. Accumulated hours above 160 will be automatically paid out with payroll. Employees may choose to sell back any unused portion of their vacation accrual. Any employee that has vacation accrual at the time of separation from the District will be paid the balance of the vacation accrual on their final paycheck.

SICK LEAVE

The District offers sick leave accrual of 78 hours per calendar year. Unused sick leave is accumulated from year to year up to a maximum of 180 hours. This may be used to cover an employee's time off due to illness, injury, attending

medical and/ or dental appointments, and to care for an immediate family member with any of the aforementioned issues.

WORKERS COMPENSATION

The district is insured with The Zenith for work-related injuries. Medical Provider Notices are posted in the District Office for review by any employee.

STATE DISABILITY PROGRAM

Disability Insurance is administered by State of California (SDI) to help protect against wage loss because of a non-occupational illness or injury in which all accrued sick time has been exhausted. More information is available on the EDD website.

UNEMPLOYMENT INSURANCE

Unemployment insurance is payable to employees who have met all of the eligibility requirements of the law. No cost to employee. Please visit the EDD website for more information.

USE OF PERSONAL PHONE

In some cases, employees are required to use their personal phone while conducting District business. If this is deemed necessary for your position by the General Manager, a cell phone reimbursement is available in the amount of \$40 per month. If the employee chooses not to use their personal phone, a District phone will be issued.

ELECTRIC VEHICLE CHARGING

Employees are permitted to use the electric vehicle charging stations located at the District Office with prior approval from PVCSD management.

ADMINISTRATIVE EMPLOYEES ALSO RECEIVE

SCHEDULE: Administrative employees work a 9/80 schedule over a two-week period. The regular schedule is 7:30 A.M. to 4:30 P.M. four (4) days per week, with alternating Fridays off. On scheduled working Fridays, hours are 8:00 A.M. to 4:00 P.M., unless modified by management.

UTILITY EMPLOYEES ALSO RECEIVE

SAFETY BOOTS: Utility employees are reimbursed up to a maximum of \$100.00 per calendar year for steel-toe safety boots and insoles. Proof of purchase required.

UNIFORMS: It is the District's policy that utility employees shall wear complete uniforms during regular working hours and while on duty. Employees are encouraged to appear neat in appearance, especially when dealing with the public. All utility employees are supplied with tee shirts. Uniform pants and shirts will be reimbursed by the District up to \$150 per calendar year per utility employee with proof of purchase.

STAND-BY PAY: Utility Employees assigned stand-by duty shall receive a daily rate of \$10 for weekdays; \$50 for weekends; \$50 for District observed holidays.

SCHEDULE: Utility Employees work a 9/80 schedule as follows 7:00 am to 4:00 pm four (4) days a week and have every other Friday off; working Fridays have a schedule of 7:00 am to 3:00 pm, unless modified by management.

GATE EMPLOYEES ALSO RECEIVE

UNIFORMS: It is the District’s policy that gate employees shall wear complete uniforms during regular working hours and while on duty. Employees are encouraged to appear neat in appearance, especially when dealing with the public. All gate employees are supplied with shirts, name tag, sweater, jacket and a beanie and/or hat. Uniform articles will be reimbursed by the District up to \$50 per calendar year per gate employee with proof of purchase.

SHIFT DIFFERENTIAL PAY: Due to the round the clock nature of this Division the following differentials will be paid on top of the regular pay rate:

- Shift A – 12 midnight to 8 am - \$4.50/ per shift
- Shift B – 8 am to 4 pm - \$0 / per shift
- Shift C – 4 pm to 12 midnight - \$3.50 / per shift

SCHEDULE: Gate Employees work five (5) 8-hour shifts per week, unless modified by management.

SECURITY EMPLOYEES ALSO RECEIVE

UNIFORMS: It is the District’s policy that security employees shall wear complete uniforms during regular working hours and while on duty. Employees are encouraged to appear neat in appearance, especially when dealing with the public. All security employees are supplied with blouses, matching pants, a badge, all weather jacket, and a beanie. Uniform boots will be reimbursed by the District up to \$100 per every two (2) calendar years per security employee with proof of purchase. Uniform articles needing to be replaced will be reimbursed up to one hundred dollars (\$100), once per calendar year.

SHIFT DIFFERENTIAL PAY: Due to the round-the-clock nature of this Division the following differentials will be paid on top of the regular pay rate:

- Shift A – 12 midnight to 8 am - \$4.50/ per shift
- Shift B – 8 am to 4 pm - \$0 / per shift
- Shift C – 4 pm to 12 midnight - \$3.50 / per shift

SCHEDULE: Security Employees work four (4) 10-hour shifts per week, unless modified by management.

Appendix D

**Pauma Valley Community Services District
Safety Sensitive Positions**

General Manager
Security Division Supervisor
Security Patrol Officers
Utility Division Supervisor
Utility Worker I
Utility Worker II



Acknowledgement of Receipt of EMPLOYEE HANDBOOK

Employee Name: _____

I acknowledge that I have received a copy of the Employee Handbook, issued by **Pauma Valley Community Services District** (the District or PVCSD) on _____, 20___. I have promptly read and fully understand its contents. I agree to observe and abide by the conditions of employment, policies, and rules contained in this Handbook. I understand that this Handbook refers to current benefit plans maintained by the District and that I must refer to the actual plan documents and summary plan descriptions, as these documents are controlling.

I understand and agree that my relationship with the District is "at-will," which means that my employment is for no definite period and may be terminated by me or by the District at any time and for any reason with or without cause or advance notice.

I understand that the District retains the right to make decisions involving employment as needed in order to conduct its work in a manner that is beneficial to the employees and the District. I understand and agree that nothing in the Handbook creates or is intended to create a promise or representation of continued employment and that employment at the District is at will. I understand and agree that the terms of my at-will employment may not be modified or superseded except by a written agreement signed by me and the General Manager of the District, and as authorized by the District's Board of Directors, that no other employee or representative of the District has the authority to enter into any such agreement, and that any agreement to employ me for any specified period of time or that is otherwise inconsistent with the terms of this Acknowledgment will be unenforceable unless in writing and signed by me and the General Manager of the District.

I also acknowledge receipt of the District's Harassment, Discrimination, and Retaliation policy set forth in this Handbook, and I certify that I have read it, understand it, and agree to comply with its terms and conditions.

My signature below certifies that I understand that the foregoing agreement is between the District and me concerning my employment and the circumstances under which my employment may be terminated. I also understand that if I violate the rules, policies, and procedures set forth herein, I may be subject to discipline, up to and including termination of my employment. This Handbook supersedes all prior agreements, understandings, and representations concerning my employment. I understand that if I have questions regarding the Handbook, I can discuss those with my supervisor or General Manager.

Signature _____ Date _____

Print Name _____

RESOLUTION NO. 139

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PAUMA VALLEY COMMUNITY SERVICES DISTRICT RATIFYING AND ADOPTING A SALARY SCHEDULE EFFECTIVE JANUARY 1, 2026

WHEREAS, the Public Employees' Retirement Law ("PERL"), the Public Employees' Pension Reform Act of 2013 ("PEPRA"), and Title 2 of the California Code of Regulations ("CCR"), Section 570.5, require that employee pay rates be established and maintained pursuant to a publicly available pay schedule approved by the governing body; and

WHEREAS, Government Code Section 20636 defines compensation earnable for "Classic" members and Government Code Section 7522.34 defines pensionable compensation for "New" PEPRA members; and

WHEREAS, on November 17, 2025, the Board of Directors approved an updated Organizational Chart and Salary Schedule to become effective January 1, 2026, as reflected in the duly adopted meeting minutes; and

WHEREAS, the Salary Schedule approved on November 17, 2025, was not adopted by formal resolution at that time; and

WHEREAS, the Board of Directors now desires to formally ratify and adopt said Salary Schedule to ensure full compliance with applicable laws and regulatory requirements;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Pauma Valley Community Services District, as follows:

1. Ratification and Adoption of Salary Schedule

The Salary Schedule previously approved by the Board of Directors on November 17, 2025, and attached hereto as **Exhibit A**, is hereby ratified, approved, and adopted as the official pay schedule for all District employees in accordance with CCR Section 570.5.

2. Effective Date

The Salary Schedule shall be effective January 1, 2026, and shall remain in effect until amended or superseded by subsequent action of the Board of Directors.

3. Supersession

This Salary Schedule supersedes and replaces all previously adopted salary schedules in effect prior to January 1, 2026, and shall remain in effect through June 30, 2026, unless otherwise amended by the Board of Directors.

PASSED AND ADOPTED by the Board of Directors of the Pauma Valley Community Services District, County of San Diego, State of California, on the **26th day of May, 2026**, by the following vote:

AYES: Fred Nelson, Richard Collins, Michael Esparza, Zan Villanvera

NOES: NONE

ABSTAIN: NONE

ABSENT: Lolo Lewy


Fred Nelson, President

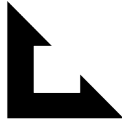
ATTEST:


Michael Esparza
Board Secretary

**Exhibit A
Salary Schedule**

Pauma Valley Community Services District				
Pay Range Salary Schedule - Effective January 1, 2026				
Job Title	hourly min	hourly max	annual min	annual max
General Manager (FLSA Exempt)		-	\$118,450	\$203,500.00
Office Manager (FLSA Exempt)		-	\$53,560	\$93,500.00
General Services Supervisor	\$36.50	\$44.25	\$75,920	\$92,040
Administrative Assistant	\$24.76	\$33.55	\$51,503	\$69,784
Office Clerk (Part-Time -18 hrs/week max)	\$19.26	\$26.57	\$18,027	\$24,870
Utility Worker II	\$25.17	\$34.32	\$52,360	\$71,386
Utility Worker I	\$21.70	\$30.92	\$45,140	\$64,316
Security Services Lead	\$26.50	\$32.25	\$55,120	\$67,080
Patrol Officer	\$21.53	\$27.83	\$44,776	\$57,886
Gate Attendant II	\$19.75	\$25.33	\$41,080	\$52,686
Gate Attendant I	\$18.13	\$23.71	\$37,706	\$49,306

SDLF



SPECIAL DISTRICT
LEADERSHIP FOUNDATION

June 10, 2026

Pauma Valley Community Services District
33129 Cole Grade Road
Pauma Valley, CA 92061-0434

RE: District Transparency Certificate of Excellence Approval

Congratulations Pauma Valley Community Services District who has successfully completed the District Transparency Certificate of Excellence program through the Special District Leadership Foundation (SDLF).

On behalf of the SDLF Board of Directors, I would like to congratulate your district on achieving this important certificate. By completing the District Transparency Certificate of Excellence Program, Pauma Valley Community Services District has proven its dedication to being fully transparent as well as open and accessible to the public and other stakeholders.

Congratulations and thank you for your dedication to excellence in local government.

Most sincerely,

Sandy Raffelson
-SDLF Board President



FOR IMMEDIATE RELEASE

June 10, 2026

Contact: Eric Steinlicht
Pauma Valley Community Services
District
33129 Cole Grade Road
Pauma Valley, CA 92061-0434

Transparency Certificate of Excellence Awarded to Pauma Valley Community Services District

Pauma Valley Community Services District received the District Transparency Certificate of Excellence by the Special District Leadership Foundation (SDLF) in recognition of its outstanding efforts to promote transparency and good governance.

“This award is a testament to Pauma Valley Community Services District’s commitment to open government,” said, Eric Steinlicht, General Manager. “Our staff is to be commended for their contributions that empower the public with information and facilitate engagement and oversight.” To receive the award Pauma Valley Community Services District demonstrated the completion of essential governance transparency requirements, including conducting ethics training for all board members, properly conducting open and public meetings, and filing financial transactions and compensation reports to the State Controller in a timely manner.

SDLF is an independent, non-profit organization formed to promote good governance and best practices among California’s special districts through certification, accreditation, and other recognition programs.

Special districts are independent public agencies that deliver core local services to communities, such as Utility, wastewater treatment, fire protection, parks and recreation, healthcare, sanitation, mosquito abatement, ports, libraries, public cemeteries and more. Districts are established by voters and their funding is approved by voters to meet specific needs through focused service. They can be specially molded to serve large regions or small neighborhoods depending on the need.

ORDINANCE NO. 55

AN ORDINANCE OF THE PAUMA VALLEY COMMUNITY SERVICES DISTRICT REPEALING AND REPLACING ORDINANCE NO. 55 RELATING TO ESTABLISHING POLICIES AND PROCEDURES FOR GATE ACCESS WITHIN THE PAUMA VALLEY COUNTRY CLUB ESTATES

WHEREAS, the Pauma Valley Community Services District ("District") is a public agency organized under the Community Services District Law set forth in California Government Code Sections 61000, et seq.; and

WHEREAS, pursuant to Government Code Section 61100(j), the District is authorized to provide security services within its boundaries to protect lives and property; and

WHEREAS, Section 61060(a) of the Government Code authorizes the District to adopt ordinances to establish policies and procedures governing the District; and

WHEREAS, with the concurrence of the Pauma Valley Roadway Association ("Association"), the District provides gate access management and monitoring services, along with the ingress to and egress from, the Pauma Valley Country Club Estates ("PVCCE"), as depicted on the map attached hereto as Exhibit "A" and incorporated by reference; and

WHEREAS, the District currently regulates policies and procedures for gate access and road usage within the PVCCE under District Ordinance No. 55; and

WHEREAS, the District desires to repeal and replace Ordinance No. 55 to articulate and adopt its own set of policies and procedures pertaining to PVCCE gate access, separate and apart from the Association; and

WHEREAS, it is the District's desire and intent to adopt the Gate Access Policies and Procedures ("Policies and Procedures"), as set forth in Exhibit "B", attached hereto and incorporated by reference, to promote the orderly conduct of business regarding gate access within the PVCCE.

NOW, THEREFORE, the Board of Directors of the Pauma Valley Community Services District does hereby ordain as follows:

Section 1: Policies and Procedures. The District formally establishes and adopts the Gate Access Policies and Procedures attached hereto as Exhibit "B".

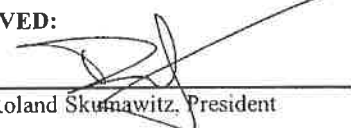
Section 2: Enforcement. The District and its employees are hereby authorized to implement and enforce the rules and regulations presented in the Policies and Procedures.

Section 3: Recitals. The Recitals are incorporated herein and made an operative part of this Ordinance.

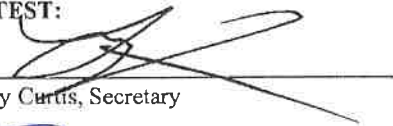
Section 4: Effective Date. This Ordinance shall become effective thirty (30) days after its adoption pursuant to California Government Code Section 25123.

Section 5: Publication. This Ordinance shall be published within fifteen (15) days after its passage pursuant to California Government Code Section 25124.

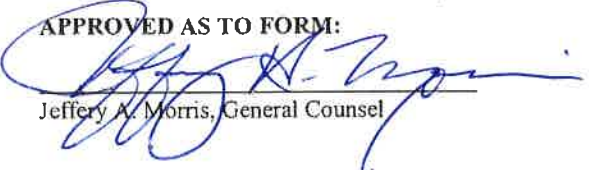
PASSED, APPROVED AND ADOPTED at a regular meeting of the Pauma Valley Community Services Department, held on the 28th day of May 2024.

APPROVED:


Roland Skumawitz, President

ATTEST:


Larry Curtis, Secretary

APPROVED AS TO FORM:


Jeffery A. Morris, General Counsel

CERTIFICATION

I, Larry Curtis, Secretary of the Board of Directors of the Pauma Valley Community Services District, certify that the foregoing ordinance was introduced at a regular meeting of the Board of Directors on the 28th day of May 2024, and was adopted by the Board of Directors at a special meeting held on the 28th day of May 2024, by the following vote of the Directors:


AYES: Skumawitz, Esparza, Curtis, Collins

NOES:

ABSENT:

ABSTAINED:

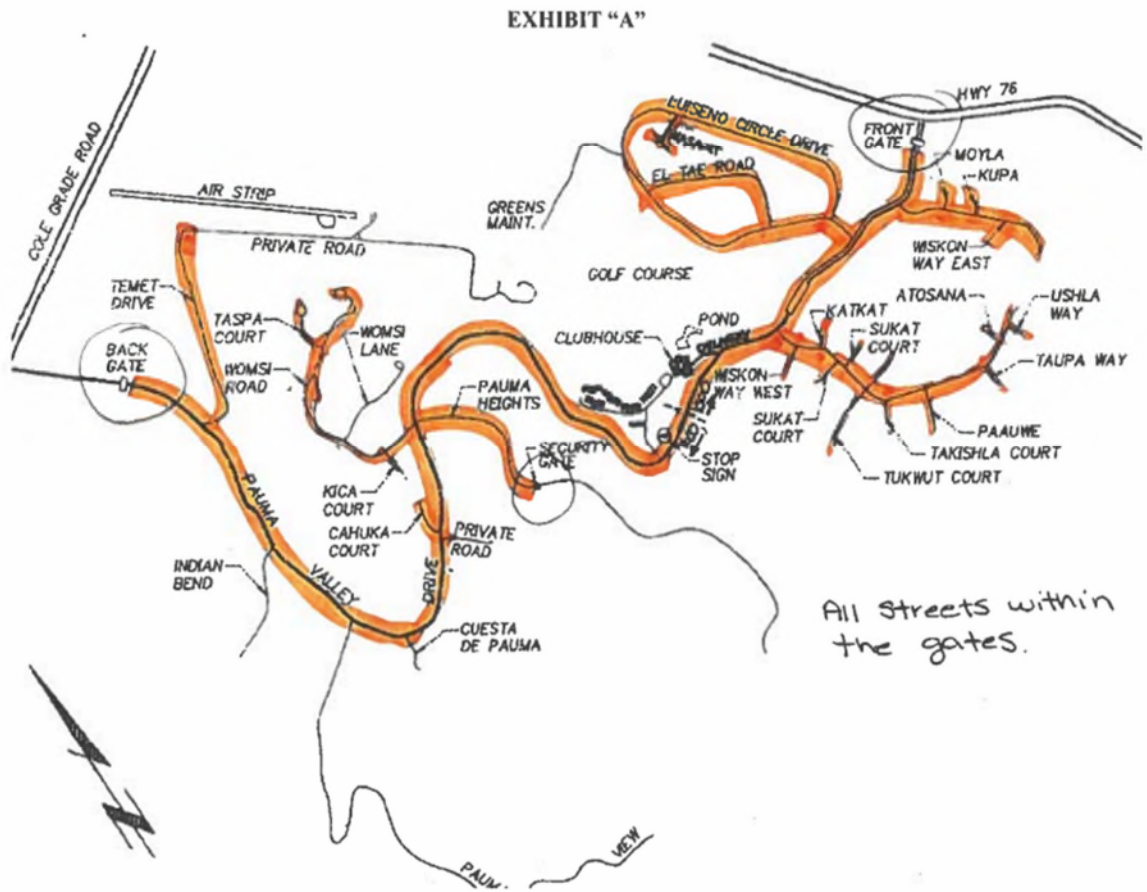
IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Pauma Valley Community Services District on this 28th day of May 2024.



Larry Curtis, Secretary

Exhibit "A"


Map of Pauma Valley Country Club Estates



30907.0000133867073.2

Exhibit "B"

**Pauma Valley Community Services District
Gate Access Policies and Procedures**

	<p style="text-align: center;">Pauma Valley Community Services District Administrative Procedures and Rules</p>	<p>Adoption Date: 06/28/2021</p>
<p style="text-align: center;">GATE ACCESS POLICIES AND PROCEDURES (Pauma Valley Country Club Estates)</p>		<p>Amendment Date: 05/28/2024</p>

ARTICLE 1
GENERAL PROVISIONS

- I. Introduction: Under California Government Code statutory authority, the Pauma Valley Community Services District ("PVCSD" or "District") is authorized to provide a variety of services, including gate access management, security patrol services, and monitoring ingress and egress from the Pauma Valley Country Club Estates ("PVCCE"). (See map attached hereto as Exhibit "A" and incorporated by reference.) It is PVCSD's intent to establish policies and procedures that will be convenient for the public and contribute to the orderly conduct of business regarding gate access for the PVCCE.

- II. Purpose: The purpose of these Gate Access Policies and Procedures ("Policies and Procedures") is to set forth certain policies and procedures by which the functions of the District are carried out. Other District policies and procedures related to gate access may be set forth in specific rules, regulations, resolutions, or policies of the District, whether or not included as part of this document.

- III. Definitions: Except as otherwise herein defined, the following terms used in these Policies and Procedures shall have the meanings set forth below:
 - a. Authorized Individual means a Resident of the PVCCE, the PVRA, and the PVCC.

 - b. Back Gate means the entrance to the PVCCE located on Pauma Valley drive closest to Cole Grade Road.

 - c. Commercial Activity means conduct that requires a Use Permit. Commercial Activity includes long-term rentals of Resident properties and the ongoing activities and events and of PVCC.

 - d. District or PVCSD means the Pauma Valley Community Services District

 - e. Gate Attendant means a person employed by PVCSD that works at a Gatehouse.

- f. Gatehouse means the Gate Attendant staff building located at the Main Gate.
- g. Guest Lane means the left ingress lane at the Main Gate closest to the Gatehouse.
- h. Main Gate means the entrance to the PVCCE located off Highway 76.
- i. Not in Good Standing means a person having delinquent dues or fees owed to the District. Those persons who do not meet the definition of "Not in Good Standing" shall be deemed to be in "Good Standing".
- j. Pass means an official PVCSD document, displayed on the dashboard of the vehicle (if a printed pass), that grants access within the gates of PVCCE for a specific period of time.
- k. Pass Scanner means the scanner located at the Back Gate.
- l. Pauma Heights Gate means the entrance to the PVCCE located directly off Pauma Heights Road.
- m. PVCC means the Pauma Valley Country Club.
- n. PVCCE means the Pauma Valley Country Club Estates.
- o. PVCSD or District means the Pauma Valley Community Services District.
- p. PVRA means the Pauma Valley Roadway Association.
- q. Resident means a PVCCE homeowner or individual(s) authorized to reside in or live on a PVCCE homeowner's property.
- r. RFID Transponder means a Radio Frequency ID tag for gate access issued by PVCSD.
- s. Roadway means the PVRA roads and streets, as depicted on Exhibit "A".
- t. Security Patrol Officer means an employee of PVCSD, or his or her designee, authorized to affect the safety and security of property and persons within the PVCSD service area.
- u. Service Persons means those individuals or entities providing commercial or personal services to Residents or Guests of PVCCE, PVRA, PVCSD, or PVCC.
- v. Signage means any printed information placed or posted on any Roadway, adjacent areas or curbs.
- w. Street Legal refers to vehicles with current licenses and registration documentation.

- x. Use Permit means a permit or license that is required to be issued by an authority having jurisdiction, prior to the commencement of activity that requires such permit or license.
- y. Written Authorization means a properly displayed printed pass, digital pass, active RFID, or an authorization letter from the PVCSD management team.

ARTICLE 2
RESPONSIBILITIES

- I. Gate Attendants: PVCSD shall provide Gate Attendants at the Main Gate to monitor alarm events (e.g., for Wastewater Treatment Plant failures, lift station failures, power outage failures, etc.); take incoming calls; monitor police and emergency radio traffic; and provide visitor management services to control ingress into PVCCE and egress out of PVCCE, in accordance with these Policies and Procedures.
- II. Security Patrol Officers: PVCSD shall provide Security Patrol Officers, with vehicles labeled as Security vehicles, to patrol its areas of responsibility (including PVCCE), respond to Gatehouse-dispatched events, provide emergency assistance to PVCCE Residents and guests, monitor access of the PVCCE community, and investigate breaches of these Policies and Procedures.
- III. Passes: PVCSD shall provide for the issuance of Passes, as defined herein, to those entitled to receive them, upon presentation of necessary documents. Individuals seeking an RFID tag or designation as a recognized contractor at a gatehouse will be referred to the PVCSD office.
- IV. Gatehouse Equipment: PVCSD shall be responsible for maintaining gatehouse equipment, inclusive of rolling gates, barrier arms, and all control systems required for their proper operation.

ARTICLE 3
ROADWAY USAGE WITHIN PVCCE

- I. Drivers: Drivers of motorized vehicles, except golf carts, must hold a valid driver's license, registration, and proof of insurance to drive within the gates of PVCCE.
- II. Recreational Activities: Any recreational activities which present a potential safety hazard, as reasonably determined by PVCSD, will be logged and reported to the proper authorities.
- III. Traffic Control Signs: Drivers of vehicles on any Roadway within the District are requested to observe and adhere to traffic control signs for the overall safety of the public.
- IV. Conformity: Drivers and their vehicles will be reported to the proper authorities by the District if they are not in conformity with the California Vehicle Code.

- V. Authorized Vehicles: Excluding golf carts, use of vehicles that are not Street Legal in California, such as motorized skateboards and motorized dirt bikes, will be reported to the PVRA, and if necessary, to the proper authorities by PVCSD personnel.

ARTICLE 4
WRITTEN AUTHORIZATION

- I. Written Authorization: There shall be no access to the PVCCE without PVCSD-issued Written Authorization. Visitor Passes must be current and displayed on the dashboard of the vehicle. RFIDs must be active to be classified as acceptable Written Authorization. Without PVCSD issued Written Authorization, vehicles will be logged and reported to the proper authorities.

ARTICLE 5
GATE ACCESS

- I. Policy Inquiries: Inquiries regarding Gate Access policies and RFID Transponders, shall be directed to the PVCSD offices or website at www.paumavalleycsd.com.
- II. Gate Attendants and Security Patrol Officers: Gate Attendants and Security Patrol Officers are authorized to request drivers' licenses of those seeking gate access.
- III. Good Standing Status: Individuals who are Not in Good Standing with the PVCSD may not be permitted to obtain and/or utilize RFID Transponders. Said individuals must request a Visitor Pass until their Good Standing status is restored.

ARTICLE 6
PASSES

- I. Gate Access Passes: A Pass to access PVCCE issued by the District can be electronically or manually generated, and will be in the form of either a Guest Pass or a Service Pass, as defined by this Article. Those wishing to enter the PVCCE without an RFID Transponder or without a Pass must register with a Gate Attendant to receive a Pass. Individuals generating an electronic Pass on their own computer may enter through the Back Gate (using the Pass Scanner) or through the Guest Lane of the Main Gate, where their Pass will be scanned by the Gate Attendant. Categories of Passes include:
- a. An Electronic Pass is one generated through an authorized individual's account in the gate access system. It can also be created by a Gate Attendant, thus enabling the individual named on such Pass to retrieve, print, and utilize it. Individuals authorized to create an Electronic Pass can do so only if said individual is in Good Standing with PVCSD. An Electronic Pass is valid only for the date(s) indicated on said Pass.
- b. A Visitor Pass, generated by a Gate Attendant, is for a guest of an Authorized Individual, and is used only if the Authorized Individual has advised the Gate Attendant of the guest's arrival, or responds to the Gate Attendant's phone call

inquiring about the guest seeking entrance. A Guest Pass is valid for use by the party named on the Pass and only for the date(s) indicated. All Guests who enter PVCCE will be subject to the Policies and Procedures listed herein, unless otherwise superseded by an additional Ordinance or Resolution of the PVCSD.

- c. A Service Pass, generated by a Gate Attendant, is for a Service Person of an Authorized Individual, and is issued only if the Authorized Individual has advised the Gate Attendant of the Service Person's arrival, or responds to the Gate Attendant's phone call inquiring about a Service Person seeking entrance. A Service Pass is valid only for use by the party named on the Pass and only for the date(s) indicated. All Service Persons who enter PVCCE will be subject to the Policies and Procedures listed herein, unless otherwise superseded by an additional Ordinance or Resolution of the PVCSD.

- II. Visibility: Printed Passes must be clearly visible/readable on the vehicle's dashboard at all times while the vehicle is entering a PVCCE gate or driving on or parked on a PVCCE Roadway.

ARTICLE 7

VISITORS

- I. Notification: Residents, agents, PVCC members and PVCC staff must notify a Gate Attendant of the name and arrival time of a visitor requiring a Pass. In the absence of such notification, no individual will be admitted unless the Gate Attendant is immediately able to contact the individual requesting admission.
- II. Guest Pass: Upon approved access, the Gate Attendant will issue a Guest Pass, as provided for in Article 6, valid for up to seven (7) days unless otherwise specifically authorized by PVCSD management for a longer duration, and will record appropriate information thereon. When issued, all Passes are specific to the individual named on the Pass.

ARTICLE 8

REAL ESTATE ACTIVITY

- I. Real Estate Agents/Brokers/Appraisers: Real estate agents, brokers and appraisers who are not Residents or PVCC members will be issued a Guest Pass at the Main Gate after presenting identification and indicating the property to be visited. Individuals inquiring about real estate within PVCCE will not be admitted unless accompanied by a real estate agent, broker, or appraiser.
- II. Open House: A Resident, agent, or real estate salesperson must notify the Gate Attendant on duty of the name(s) and arrival time of the visitors requiring a Pass for access. Absent such notification, the visitors will not be admitted. A Resident, agent or real estate salesperson must abide by all Policies and Procedures herein. Open house Signage shall not be permitted near, or adjacent to PVCCE access gates.

ARTICLE 9
PROPERTY USE PERMITS

- I. Commercial Activity: Gate Attendants shall not admit any person, and Security Officers shall not permit any person to use any Roadway to access a property for Commercial Activity, unless Written Authorization to do so is issued by PVCSD.
- II. Applicable Permits: Each Resident shall be responsible for obtaining applicable Use Permits from the PVRA.
- III. Estate Sales/Garage Sales/Yard Sales: Residents planning to host an estate sale, garage sale or yard sale, where participation is invited from individuals not residing within PVCCE, must apply to the PVRA for applicable authorization.
- IV. Visitor Notification: A Resident or agent must notify the Gate Attendant on duty of the name and arrival time of any visitor who will require a Pass for access to the PVCCE. Individuals requesting admittance to attend a permitted activity must be on an approved list and will be issued a Pass for the duration of one day only and for the single destination indicated on the Pass.

ARTICLE 10
UNATTENDED GATES

- I. Access: Access at unmanned gates without a Gate Attendant present will be enabled by RFID Transponders or by direct communication with the Gate Attendant on duty at the Main Gate. Unmanned gates are equipped with video and two-way voice communication. Vehicles attempting access at an unmanned gate without a RFID Transponder, or an electronic Pass will not be admitted and must enter through the Main Gate.

ARTICLE 11
EMERGENCY

- I. Emergency Vehicles: California Highway Patrol, San Diego County Sheriff, Cal Fire, EMTs, ambulance service, and similar emergency vehicles shall receive immediate access at any PVCCE gate, at any time.

ARTICLE 12
VIOLATIONS

- I. Notices of Violation:
 - a. NOV: A Notice of Violation ("NOV") is a citation issued by PVCSD for a violation of these Gate Access Policy and Procedures. The cause of the violation shall be set forth in writing and mailed or otherwise personally provided to the individual cited in the NOV. Property owners will ultimately be held responsible for the actions of their guests, visitors, tenants, Service Persons, and family members, and will be

responsible for penalty assessments associated with the NOV.

- b. Appeals: Any person issued an NOV may appeal the NOV or the penalties associated with the NOV to the PVCSD General Manager within thirty (30) days of the issuance date of the NOV. The General Manager shall review the evidence, including any input received from the appellant, and shall issue a written decision on the appeal and send a copy of the decision to the appellant. The General Manager's decision may be appealed to the PVCSD Board of Directors within thirty (30) days of the date of the General Manager's written determination. The PVCSD Board of Directors shall consider the matter during an open session, after providing at least ten (10) calendar days' written notice of the meeting to the appellant. The appellant shall be entitled to present evidence at the PVCSD Board meeting. The Board's decision on the matter, which may be accompanied by written findings or findings described in the Board meeting minutes, shall be conclusive of the appellant's administrative appeal rights to PVCSD.

II. Citable NOV Offenses: Citable NOV offenses include, but may not be limited to:

- a. tailgating through gate access barrier arms
- b. barrier arm contact and/or damage
- c. gate contact and/or damage
- d. traffic control Signage or device damage
- e. damage to any miscellaneous infrastructure of the gate systems
- f. Pass violations; and/or
- g. illegal ingress to or egress from PVCCE.

III. Penalties. For any violation of these Policies and Procedures, PVCSD may assess monetary penalties or revoke RFID access to the gates, or both, as follows:

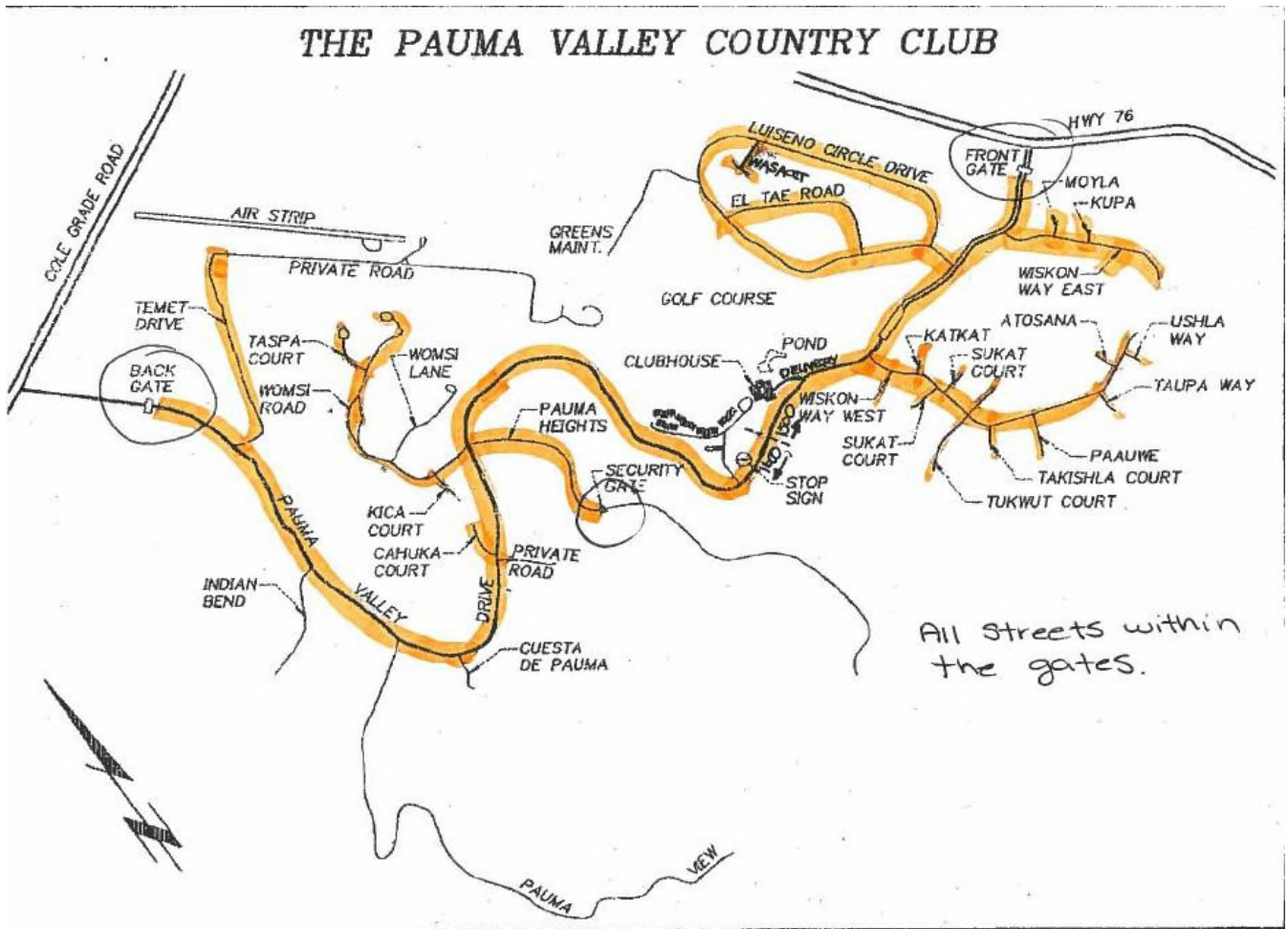
- a. Monetary Penalties: PVCSD may impose monetary penalty assessments for violations of these Policies and Procedures as follows:
 - i. 1st violation= Warning
 - ii. 2nd violation= \$150
 - iii. 3rd or more violations= \$350

The PVCSD Board of Directors may modify the above amounts, by Resolution, as the Board deems advisable. The above monetary penalties are in addition to the true cost of any damage to the PVCSD gate and barrier arm system, as described in Section IV (Damages) of this Article.

- b. RFID Privileges. PVCSD may revoke or suspend RFID gate access privileges for anyone other than Residents seeking access to their residence or to PVCC, or to a PVCC member seeking access to PVCC.

IV. Damages: Damages to the PVCCE gate and/or barrier arm access system will be billed to the party responsible (e.g., Resident or Service Person, as applicable) for said damage on an at-cost (plus labor) basis; however, consistent with Section I of this Article, property owners will ultimately be held responsible for the actions of their guests, visitors, tenants, Service Persons, and family members. Failure to pay any such damages, or any unpaid monetary assessment, may warrant PVCSD's application to a court of law or to the County Tax Collector's office for collection, which PVCSD staff is authorized to pursue at its discretion. Any damages to the PVCSD gate and barrier arm infrastructure or system will be billed in addition to any monetary penalty associated with an NOV, as described in Section III(a) (Monetary Penalty) of this Article.

EXHIBIT "A"
MAP OF PAUMA VALLEY COUNTRY CLUB ESTATES



STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE - NET

1. Basic Provisions ("Basic Provisions").

1.1 **Parties.** This Lease ("Lease"), dated for reference purposes only March 15, 2026, is made by and between PAUMA VALLEY COMMUNITY SERVICES DISTRICT, a California public agency ("CSD") (as more particularly defined in Addendum #1, "Lessor") and RANCHO PAUMA MUTUAL WATER COMPANY, a California mutual benefit corporation ("Rancho Pauma") (as more particularly defined in Addendum #1 "Lessee"), (collectively the "Parties", or individually a "Party").

1.2(a) **Premises:** That certain real property, including all improvements therein or to be provided by Lessor under the terms of this Lease, commonly known as (street address, unit/suite, city, state, zip): the former California Highway Patrol office space, cinder block shop building, metal storage building, 40-foot storage container, and the building known by the Parties as the chlorine storage building, located at 33129 Cole Grade Road, Pauma Valley, CA 92061 (as more particularly defined in Addendum #1 "Premises"). The Premises are located in the County of San Diego, and are generally described as (describe briefly the nature of the Premises and the "Project"): The cinder block shop building, metal storage building, and 40-foot storage container shall be jointly used with the CSD. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to any utility raceways of the building containing the Premises ("Building") and to the Common Areas (as defined in Paragraph 2.7 below), but shall not have any rights to the roof, or exterior walls of the Building or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Project." (See also Paragraph 2)

1.2(b) **Parking:** All unreserved vehicle parking spaces, on a first-come, first served basis shared with Lessor. (See also Paragraph 2.6)

1.3 **Term:** Ten (10) years and zero (0) months ("Original Term") commencing April 1, 2026 ("Commencement Date") and ending on March 31, 2036 ("Expiration Date") unless earlier terminated in accordance with this Lease. (See also Paragraph 3)

1.4 **Early Possession:** If the Premises are available Lessee may have non-exclusive possession of the Premises commencing immediately ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 **Base Rent:** \$1,500.00 per month ("Base Rent"), payable on the 1st day of each month commencing on the Commencement Date. (See also Paragraph 4)

If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 51 (Addendum).

1.6 **Lessee's Share of Common Area Operating Expenses:** Forty percent (40%) ("Lessee's Share"). In the event that the size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 Base Rent and Other Monies Paid Upon Execution:

(a) **Base Rent:** \$1,500.00 for the period comprising the first full calendar month following the Commencement Date.

(b) ~~Common Area Operating Expenses: The current estimate for the period _____ is _____.~~

(c) **Security Deposit:** \$0.00 ("Security Deposit"). (See also Paragraph 5)

(d) **Other:** \$0.00 ~~for _____.~~

(e) **Total Due Upon Execution of this Lease:** \$1,500.00.

1.8 **Agreed Use:** Operate and administer a community water distribution center. (See also Paragraph 6)

1.9 **Insuring Party.** Lessor is the "Insuring Party". (See also Paragraph 8)

1.10 **Real Estate Brokers.** (See also Paragraphs 15 and 25)

(a) **Representation:** Each Party acknowledges receiving a Disclosure Regarding Real Estate Agency Relationship, confirms and consents to the following agency relationships in this Lease with the following real estate brokers ("Broker(s)") and/or their agents ("Agent(s)"):

Lessor's Brokerage Firm NONE License No. _____ Is the broker of (check one): the Lessor; or both the Lessee and Lessor (dual agent).

Lessor's Agent NONE License No. _____ is (check one): the Lessor's Agent (salesperson or broker associate); or both the Lessee's Agent and the Lessor's Agent (dual agent).

Lessee's Brokerage Firm NONE License No. _____ Is the broker of (check one): the Lessee; or both the Lessee and Lessor (dual agent).

Lessee's Agent NONE License No. _____ is (check one): the Lessee's Agent (salesperson or broker associate); or both the Lessee's Agent and the Lessor's Agent (dual agent).

(b) **Payment to Brokers.** Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of _____ or _____% of the total Base Rent) for the brokerage services rendered by the Brokers.

1.11 **Guarantor.** The obligations of the Lessee under this Lease are to be guaranteed by NONE ("Guarantor"). (See also Paragraph 37)

1.12 **Attachments.** Attached hereto are the following, all of which constitute a part of this Lease:

- an Addendum #1 consisting of Paragraphs 51 through 60;
- a site plan depicting the Premises;
- a site plan depicting the Project;
- a current set of the Rules and Regulations for the Project;
- a current set of the Rules and Regulations adopted by the owners' association;
- a Work Letter;
- other (specify): "OPTION(S) TO EXTEND TERM" Addendum (Paragraph 50).

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MTN-26.30, Revised 10-22-2020

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Page 1 of 18

2. Premises.

2.1 **Letting.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **NOTE: Lessee is advised to verify the actual size prior to executing this Lease.**

2.2 **Condition.** Lessor shall deliver that portion of the Premises contained within the Building ("Unit") to Lessee ~~in its as-is, where-is condition~~ **broom clean and free of debris** on the Commencement Date or the Early Possession Date, whichever first occurs ("Start Date"), and, so long as the required service contracts described in Paragraph 7.1(b) below are obtained by Lessee and in effect within thirty days following the Start Date, warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), loading doors, sump pumps, if any, and all other such elements in the Unit, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Unit shall be free of material defects, and that the Unit does not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. If a non-compliance with such warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Lessor shall, as Lessor's sole obligation with respect to such matter, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, malfunction or failure, rectify same at Lessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) ~~90~~ **30** days as to the remaining systems and other elements of the Unit. If Lessee does not give Lessor the required notice within the appropriate warranty period, correction of any such non-compliance, malfunction or failure shall be the obligation of Lessee at Lessee's sole cost and expense (except for the repairs to the fire sprinkler systems, roof, foundations, and/or bearing walls - see Paragraph 7). Lessor also warrants, that unless otherwise specified in writing, Lessor is unaware of (i) any recorded Notices of Default affecting the Premise; (ii) any delinquent amounts due under any loan secured by the Premises; and (iii) any bankruptcy proceeding affecting the Premises.

2.3 **Compliance.** Lessor warrants that to the best of its knowledge the improvements on the Premises comply with the building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances ("**Applicable Requirements**") that were in effect at the time that each improvement, or portion thereof, was constructed. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 49), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the Applicable Requirements, and especially the zoning are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same at Lessor's expense. If Lessee does not give Lessor written notice of a non-compliance with this warranty within 6 months following the Start Date, correction of that non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Unit, Premises and/or Building, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Unit, Premises and/or Building ("**Capital Expenditure**"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof. ~~., provided, however, that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent.~~ Any Capital Expenditures for the benefit of Lessee shall be approved by Lessor in advance. Lessor shall provide plans, design for approval by Lessor. Notwithstanding the foregoing, Company may make non-structural, cosmetic improvements, including painting and similar minor work, without notice to or approval by CSD. All other tenant improvements shall require submission of plans to CSD for approval, which approval shall not be unreasonably withheld, conditioned, or delayed. If Lessee elects termination, Lessee shall ~~immediately cease the use of the Premises which requires such Capital Expenditure and~~ deliver to Lessor written notice specifying a termination date at least 90 days thereafter ~~or, if earlier, the last day of the then-applicable Term.~~ Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay interest on the balance but may prepay its obligation at any time. ~~If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with interest, from Rent until Lessor's share of such costs have been fully paid.~~ If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 **Acknowledgements.** ~~Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises; (b) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Lessee's intended use; (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises; (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor; (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein; and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.~~

2.5 ~~Lessee as Prior Owner/Occupant.~~ The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date Lessee

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Page 2 of 18

~~was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.~~

2.6 **Vehicle Parking.** Lessee shall be entitled to use the number of Parking Spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time ~~by Lessor~~ for parking. Lessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than full-size passenger automobiles or pick-up trucks, ~~or other work trucks and vehicles as are reasonably necessary or convenient to Lessee's business,~~ herein called "Permitted Size Vehicles." ~~Lessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9.~~ No vehicles other than Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Lessor. In addition:

- (a) Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, contractors or invitees to be loaded, unloaded, or parked in areas other than those designated ~~on-site prior to the Term, or~~ by Lessor ~~during the Term~~ for such activities.
- (b) Lessee shall not service or store any vehicles in the Common Areas ~~unless such use or custom began prior to the Term.~~
- (c) If Lessee permits or allows any of the prohibited activities described in this Paragraph 2.6, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.7 **Common Areas - Definition.** The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Unit that are provided and designated by the Lessor from time to time for the general non-exclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including parking areas, loading and unloading areas, trash areas, roofs, roadways, walkways, driveways and landscaped areas.

2.8 **Common Areas - Lessee's Rights.** Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 **Common Areas - Rules and Regulations.** Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable rules and regulations ("Rules and Regulations") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the non-compliance with said Rules and Regulations by other tenants of the Project.

2.10 **Common Areas - Changes.** Lessor shall have the right, in Lessor's sole discretion, from time to time:

- (a) To make ~~non-material~~ changes to the Common Areas, ~~including, without limitation, except not~~ changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;
- (b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;
- (c) ~~To designate other land outside the boundaries of the Project to be a part of the Common Areas;~~
- (d) ~~To add additional buildings and improvements to the Common Areas;~~
- (e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and
- (f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. Term.

3.1 **Term.** The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 ~~**Early Possession.** Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession except as otherwise agreed by the parties in a separate signed writing. All other terms of this Lease (including but not limited to the obligations to pay Lessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums and to maintain the Premises) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.~~

3.3 ~~**Delay In Possession.** Lessor agrees to use commercially reasonable efforts to deliver exclusive possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.~~

3.4 ~~**Lessee Compliance.** Lessor shall not be required to tender possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.~~

4. Rent.

4.1 **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("Rent").

4.2 **Common Area Operating Expenses.** Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share (as specified in Paragraph 1.6) of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Lease, in accordance with the following

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MTN-26.30, Revised 10-22-2020

INITIALS

Last Edited: 6/9/2026 12:30 PM

Page 3 of 18

provisions:

(a) "Common Area Operating Expenses" are defined, for purposes of this Lease, as all costs relating to the ownership and operation of the Project, including, but not limited to, the following:

(i) The operation, repair and maintenance, in neat, clean, good order and condition, and if necessary the replacement, of the following:

(aa) The Common Areas and Common Area improvements, including parking areas, loading and unloading areas, trash areas, roadways, parkways, walkways, driveways, landscaped areas, bumpers, irrigation systems, Common Area lighting facilities, fences and gates, elevators, roofs, exterior walls of the buildings, building systems and roof drainage systems.

(bb) Exterior signs and any tenant directories.

(cc) Any fire sprinkler systems.

(dd) All other areas and improvements that are within the exterior boundaries of the Project but outside of the Premises and/or any other space occupied by a tenant.

(ii) The cost of water, gas, electricity and telephone to service the Common Areas and any utilities not separately metered.

(iii) The cost of trash disposal, pest control services, property management, security services, owners' association dues and fees, the cost to repair the exterior of any structures and the cost of any environmental inspections.

(iv) Reserves set aside for maintenance, repair and/or replacement of Common Area improvements and equipment.

(v) Real Property Taxes (as defined in Paragraph 10).

(vi) The cost of the premiums for the insurance maintained by Lessor pursuant to Paragraph 8.

(vii) Any deductible portion of an insured loss concerning the Building or the Common Areas.

(viii) Auditors', accountants' and attorneys' fees and costs related to the operation, maintenance, repair and replacement of the Project.

(ix) The cost of any capital improvement to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such capital improvement in any given month. Lessee shall pay Interest on the unamortized balance but may prepay its obligation at any time.

(x) The cost of any other services to be provided by Lessor that are stated elsewhere in this Lease to be a Common Area Operating Expense.

(b) Any Common Area Operating Expenses and Real Property Taxes that are specifically attributable to the Unit, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Unit, Building, or other building. However, any Common Area Operating Expenses and Real Property Taxes that are not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(c) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(a) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(d) Lessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Lessor's estimate of the annual Common Area Operating Expenses. Within 60 days after written request (but not more than once each year) Lessor shall deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses for the preceding year. If Lessee's payments during such year exceed Lessee's Share, Lessor shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of the statement.

(e) Common Area Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or insurance proceeds.

4.3 Payment. Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States, without offset or deduction (except as specifically permitted in this Lease), on or before the day on which it is due. ~~All monetary amounts shall be rounded to the nearest whole dollar.~~ In the event that any statement or invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 in addition to any Late Charge to compensate Lessor for additional time and expenses incurred in handling the dishonored payment and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges ~~and attorney's fees,~~ second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

~~**5. Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor under this lease, for Rents which will be due in the future, and/or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason of such Lease Default thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor in the manner permitted by this Paragraph 5. Lessor shall upon written request provide Lessee with an accounting showing how that portion of the Security Deposit that was not returned was applied. No part of the Security Deposit shall bear interest or be considered prepayment for any monies to be paid by Lessee under this Lease. THE SECURITY DEPOSIT SHALL NOT BE USED BY LESSEE IN LIEU OF PAYMENT OF THE LAST MONTH'S RENT.~~

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MTN-26.30, Revised 10-22-2020

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Last Edited: 6/9/2026 12:30 PM

Page 4 of 18

6. Use.

6.1 **Use.** Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the Building or the mechanical or electrical systems therein, and/or is not significantly more burdensome to the Project. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

6.2 Hazardous Substances.

~~(a) **Reportable Uses Require Consent.** The term "Hazardous Substance" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, byproducts or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, ordinary office supplies (copier, toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.~~

~~(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.~~

~~(c) **Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.~~

~~(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.~~

~~(e) **Lessor Indemnification.** Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which are suffered as a direct result of Hazardous Substances on the Premises prior to Lessee taking possession or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.~~

~~(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to the Lessee taking possession, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.~~

~~(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or \$100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.~~

6.3 **Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said Applicable Requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits

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MTN-26.30, Revised 10-22-2020

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Page 5 of 18

and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 Inspection; Compliance. Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants authorized by Lessor shall have the right to enter into Premises at any time in the case of an emergency, and otherwise at reasonable times **no more frequently than once each calendar quarter, and** after reasonable notice **of no fewer than 3 Business Days in advance**, for the purpose of inspecting and/or testing the condition of the Premises and/or for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see Paragraph 9.1(e)) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the **reasonable out of pocket** cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (**MSDS**) to Lessor within 10 days of the receipt of written request therefor. ~~Lessee acknowledges that any failure on its part to allow such inspections or testing will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to allow such inspections and/or testing in a timely fashion the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for the remainder to the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to allow such inspection and/or testing. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to such failure nor prevent the exercise of any of the other rights and remedies granted hereunder.~~

7. Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.

7.1 Lessee's Obligations.

(a) **In General.** Subject to the provisions of Paragraph 2.2 (Condition), 2.3 (Compliance), 6.3 (Lessee's Compliance with Applicable Requirements), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), **during the Term**, Lessee shall, at Lessee's sole expense, keep the Premises, Utility Installations **(to the extent** intended for Lessee's exclusive use, no matter where located), and Alterations in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, **the elements or the age** of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, plate glass, and skylights but excluding any items which are the responsibility of Lessor pursuant to Paragraph 7.2. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair **but non-Alteration replacements shall be the co-obligation of Lessor per Paragraph 7.1(d).**

(b) **Service Contracts.** Lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, if and when installed on the Premises: (i) HVAC equipment, (ii) boiler and pressure vessels, and (iii) clarifiers. However, Lessor reserves the right, upon **30 days advance** notice to Lessee, to procure and maintain any or all of such service contracts, and Lessee shall reimburse Lessor, upon demand, for the cost thereof.

(c) **Failure to Perform.** If Lessee fails to perform Lessee's obligations under this Paragraph 7.1, Lessor may enter upon the Premises after 10 days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, and Lessee shall promptly pay to Lessor a sum equal to 115% of the **reasonable out of pocket** cost thereof.

(d) **Replacement.** Subject to Lessee's indemnification of Lessor as set forth in Paragraph 8.7 below, and without relieving Lessee of liability resulting from Lessee's failure to exercise and perform good maintenance practices, if an item described in Paragraph 7.1(b) cannot be repaired other than at a cost which is in excess of 50% of the cost of replacing such item, then such item shall be replaced by Lessor, and the cost thereof shall be prorated between the Parties and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date on which Base Rent is due, an amount equal to the product of multiplying the cost of such replacement by a fraction, the numerator of which is one, and the denominator of which is 144 (i.e. 1/144th of the cost per month). Lessee shall pay interest on the unamortized balance but may prepay its obligation at any time.

7.2 Lessor's Obligations. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Common Area Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, Common Area fire alarm and/or smoke detection systems, fire hydrants, parking lots, walkways, parkways, driveways, landscaping, fences, signs and utility systems serving the Common Areas and all parts **of the Common Area which are not otherwise the express obligation of Lessee as set forth herein thereof**, as well as providing the services for which there is a Common Area Operating Expense pursuant to Paragraph 4.2. Lessor shall not be obligated to paint the exterior or interior surfaces of exterior walls nor shall Lessor be obligated to maintain, repair or replace windows, doors or plate glass of the Premises.

7.3 Utility Installations; Trade Fixtures; Alterations.

(a) **Definitions.** The term "**Utility Installations**" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term "**Trade Fixtures**" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "**Lessee Owned Alterations and/or Utility Installations**" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent **which shall not be unreasonably withheld, conditioned, or delayed.** Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, do not trigger the requirement for additional modifications and/or improvements to the Premises resulting from Applicable Requirements, such as compliance with Title 24, and/or life safety systems, and the cumulative cost thereof during this Lease as extended does not exceed a sum equal to 3 month's Base Rent in the aggregate or a sum equal to one month's Base Rent in any one year. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and

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MTN-26.30, Revised 10-22-2020

INITIALS

Last Edited: 6/9/2026 12:30 PM

Page 6 of 18

specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of ~~\$15,000~~ **one month's Base Rent**, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 Ownership; Removal; Surrender; and Restoration.

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time **up to and including the 30th day prior to the end of the Term**, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof **or in a separate writing signed by the Parties**, all Lessee Owned Alterations and Utility Installations **constructed or installed during the Term** shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises. **See also, Addendum #1.**

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. ~~Notwithstanding the foregoing and the provisions of Paragraph 7.1(a), if the Lessee occupies the Premises for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Project) to the level specified in Applicable Requirements.~~ Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any ~~later~~ **earlier** termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as **provided for by applicable law Lessor may desire**. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. Insurance; Indemnity.

8.1 **Payment of Premiums.** The cost of the premiums for the insurance policies required to be carried by Lessor, pursuant to Paragraphs 8.2(b), 8.3(a) and 8.3(b), shall be a Common Area Operating Expense. Premiums for policy periods commencing prior to, or extending beyond, the term of this Lease shall be prorated to coincide with the corresponding Start Date or Expiration Date.

8.2 Liability Insurance.

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an annual aggregate of not less than \$2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an **"insured contract"** for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance - Building, Improvements and Rental Value.

(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Premises. The amount of such insurance shall be equal to the full insurable replacement cost of the Premises, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed ~~\$10,000~~ **\$5,000** per occurrence.

(b) **Rental Value.** Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.

(c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) **Lessee's Improvements.** Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations

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MTN-26.30, Revised 10-22-2020

INITIALS

Last Edited: 6/9/2026 12:30 PM

Page 7 of 18

unless the item in question has become the property of Lessor under the terms of this Lease, **or is otherwise co-owned by Lessor and Lessee.**

8.4 Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.

(a) **Property Damage.** Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed ~~\$10,000~~ **\$1,000** per occurrence. The proceeds from any such insurance shall be used by Lessee **at Lessee's election**, for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.

(b) **Business Interruption.** ~~Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.~~

(c) **Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such policy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.

(d) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 Insurance Policies. Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee **and Lessor** shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, ~~prior to~~ **within ten (10) Business Days** of the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 30 days prior written notice to Lessor. Lessee shall, at least 10 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may increase his liability insurance coverage and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 Indemnity. Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising **during the Term of the Lease** out of, involving, or in connection with, a Breach of the Lease by Lessee and/or the use and/or occupancy of the Premises and/or Project by Lessee and/or by Lessee's employees, contractors or invitees. If any action or proceeding is brought against Lessor by **a third party** by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

~~**8.8 Exemption of Lessor and its Agents from Liability.** Notwithstanding the negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places; (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project; or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.~~

~~**8.9 Failure to Provide Insurance.** Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.~~

9. Damage or Destruction.

9.1 Definitions.

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to ~~\$100,000~~ **6 month's Base Rent**. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and ~~or~~ the cost thereof exceeds a sum equal to ~~\$100,000~~ **6 month's Base Rent**. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

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MTN-26.30, Revised 10-22-2020

INITIALS

Last Edited: 6/9/2026 12:30 PM

Page 8 of 18

(d) "**Replacement Cost**" shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) "**Hazardous Substance Condition**" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires restoration.

9.2 **Partial Damage - Insured Loss.** If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect. ~~provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is \$10,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose.~~ Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. ~~In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction.~~ Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 **Partial Damage - Uninsured Loss.** If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense (subject to reimbursement pursuant to Paragraph 4.2), in which event this Lease shall continue in full force and effect, ~~or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.~~

9.4 **Total Destruction.** Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following ~~Lessor's notice to Lessee of~~ such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 **Damage Near End of Term.** If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds ~~\$100,000 one-month's Base Rent~~, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is ~~30~~ 30 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 **Abatement of Rent; Lessee's Remedies.**

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. **Real Property Taxes.**

~~10.1 **Definition.** As used herein, the term "Real Property Taxes" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address. The term "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease. In calculating Real Property Taxes for any calendar year, the Real Property Taxes for any real estate tax year shall be included in the calculation of Real Property Taxes for such calendar year based upon the number of days which such calendar year and tax year have in common.~~

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MTN-26.30, Revised 10-22-2020

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Page 9 of 18

~~10.2 Payment of Taxes.~~ Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Common Area Operating Expenses in accordance with the provisions of Paragraph 4.2.

~~10.3 Additional Improvements.~~ Common Area Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Common Area Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

~~10.4 Joint Assessment.~~ If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 **Personal Property Taxes.** Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities and Services.

11.1 Lessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied **solely** to the Premises, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2, if at any time in Lessor's sole judgment, Lessor determines that Lessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Lessee is generating such a large volume of trash as to require an increase in the size of the trash receptacle and/or an increase in the number of times per month that it is emptied, then Lessor may increase Lessee's Base Rent by an amount equal to such increased costs. There shall be no abatement of Rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

11.2 Within fifteen days of Lessor's written request, Lessee agrees to deliver to Lessor such information, documents and/or authorization as Lessor needs in order for Lessor to comply with new or existing Applicable Requirements relating to commercial building energy usage, ratings, and/or the reporting thereof.

12. Assignment and Subletting.

12.1 Lessor's Consent Required.

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "assign or assignment") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.

~~(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.~~

~~(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "Net Worth of Lessee" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.~~

~~(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(d), or a non-curable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a non-curable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.~~

~~(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.~~

~~(f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.~~

~~(g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, i.e. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.~~

12.2 Terms and Conditions Applicable to Assignment and Subletting.

~~(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.~~

~~(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.~~

~~(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.~~

~~(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.~~

~~(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of \$500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)~~

~~(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with~~

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MTN-26.30, Revised 10-22-2020

INITIALS

Last Edited: 6/9/2026 12:30 PM

Page 10 of 18

~~provisions of an assignment or sublease to which Lessor has specifically consented to in writing.~~

~~(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)~~

~~12.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:~~

~~(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.~~

~~(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.~~

~~(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.~~

~~(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.~~

~~(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.~~

13. Default; Breach; Remedies.

13.1 **Default; Breach.** A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) **Except pursuant to order of a government body (including, but not limited to court order):** The abandonment of the Premises; the vacating of the Premises prior to the expiration or termination of this Lease without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism; or failure to deliver to Lessor exclusive possession of the entire Premises in accordance herewith prior to the expiration or termination of this Lease.

(b) The failure of Lessee to (i) make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, (ii) to provide reasonable evidence of insurance or surety bond, or (iii) to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of **53** business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises **as required under this Lease** or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of **53** business days following written notice to Lessee. In the event that Lessee commits waste, a nuisance or an illegal activity a second time then, the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 41, (viii) material safety data sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b), (c) or (d), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor **as a precondition of Lease execution** was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 **Remedies.** If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the **reasonable, out of pocket** costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

~~(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately~~

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MTN-26.30, Revised 10-22-2020

INITIALS

Last Edited: 6/9/2026 12:30 PM

Page 11 of 18

~~surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. Lessor and Lessee agree that the damages to be incurred by the Lessor in the event of Lessee's default of the Lease would be difficult or impossible to calculate and the parties therefore intend to provide by the foregoing for liquidated damages and not a penalty and agree that the sum provided is a reasonable pre-estimate of the probable loss. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.~~

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due. ~~in which event Lessee may sublet or assign, subject only to reasonable limitations.~~ Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof. ~~or by reason of Lessee's occupancy of the Premises.~~

~~13.3 Inducement Recapture. Any agreement for free or abated rent or other charges, the cost of tenant improvements for Lessee paid for or performed by Lessor, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "Inducement Provisions," shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.~~

13.4 **Late Charges.** Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or \$100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 **Interest.** Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("**Interest**") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 **Breach by Lessor.**

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than ~~1530~~ days after receipt by Lessor, and any Lender whose name and address shall have been furnished to Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than ~~1530~~ days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such ~~1530~~ day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within ~~1530~~ days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. **Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "**Condemnation**"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the Unit, or more than 25% of the parking spaces is taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. ~~Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph.~~ All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is

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MTN-26.30, Revised 10-22-2020

INITIALS

Last Edited: 6/9/2026 12:30 PM

Page 12 of 18

payable therefor. ~~In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.~~

15. Brokerage Fees.

~~15.1 Additional Commission.~~ In addition to the payments owed pursuant to Paragraph 1.10 above, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the fee schedule of the Brokers in effect at the time the Lease was executed. ~~The provisions of this paragraph are intended to supersede the provisions of any earlier agreement to the contrary.~~

~~15.2 Assumption of Obligations.~~ Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. ~~Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.10, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.~~

~~15.3 Representations and Indemnities of Broker Relationships.~~ Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker, agent or finder (other than the Brokers and Agents, if any) in connection with this Lease, and that no one other than said named Brokers and Agents is entitled to any commission or finder's fee in connection herewith. ~~Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.~~

16. Estoppel Certificates.

(a) Each Party (as "**Responding Party**") shall within 10 days after written notice from the other Party (the "**Requesting Party**") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "**Estoppel Certificate**" form published by AIR CRE, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncurved **Lease** defaults in the Requesting Party's performance, and (iii) ~~if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the~~ Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. ~~In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.~~

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

~~17. Definition of Lessor.~~ The term "**Lessor**" as used herein shall ~~have the meaning give in Addendum #1, mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease pertaining to said Security Deposit thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.~~

~~18. Severability.~~ The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. **Days.** Unless otherwise specifically indicated to the contrary, the word "**days**" as used in this Lease shall mean and refer to calendar days.

~~20. Limitation on Liability.~~ The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, or its partners, members, directors, officers or shareholders, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. **Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

~~22. No Prior or Other Agreements; Broker Disclaimer.~~ This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. ~~Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.~~

23. Notices.

23.1 **Notice Requirements.** All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by email, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such

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MTN-26.30, Revised 10-22-2020

INITIALS

Last Edited: 6/9/2026 12:30 PM

Page 13 of 18

party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

23.3 **Options.** Notwithstanding the foregoing, in order to exercise any Options (see paragraph 39), the Notice must be sent by Certified Mail (return receipt requested), Express Mail (signature required), courier (signature required) or some other methodology that provides a receipt establishing the date the notice was received by the Lessor.

24. Waivers.

(a) No waiver by Lessor or Lessee of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee or Lessor of the same or of any other term, covenant or condition hereof. Lessor's or Lessee's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's or Lessee's consent to, or approval of, any subsequent or similar act by Lessee or Lessor, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of monies or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

25. Disclosures Regarding the Nature of a Real Estate Agency Relationship.

~~(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:~~

~~(i) Lessor's Agent. A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: To the Lessor: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.~~

~~(ii) Lessee's Agent. An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. To the Lessee: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.~~

~~(iii) Agent Representing Both Lessor and Lessee. A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. (b) Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not, without the express permission of the respective Party, disclose to the other Party confidential information, including, but not limited to, facts relating to either Lessee's or Lessor's financial position, motivations, bargaining position, or other personal information that may impact rent, including Lessor's willingness to accept a rent less than the listing rent or Lessee's willingness to pay rent greater than the rent offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional. Both Lessor and Lessee should strongly consider obtaining tax advice from a competent professional because the federal and state tax consequences of a transaction can be complex and subject to change.~~

~~(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.~~

~~(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.~~

26. **No Right To Holdover.** Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. Except as otherwise set forth in a writing signed by the Parties, at or prior to the expiration or termination of this Lease Lessee shall deliver exclusive possession of the Premises to Lessor but such delivery shall not constitute a waiver of the rights of Lessee asserted in the Action or any subsequent suit, and such delivery shall be deemed to constitute an ouster. For purposes of this provision and Paragraph 13.1(a), exclusive possession shall mean that Lessee shall have vacated the Premises, removed all of its personal property therefrom and that the Premises have been returned in the condition specified in this Lease. In the event that Lessee does not deliver exclusive possession to Lessor as specified above, then Lessor's damages during any holdover period shall be computed at the amount of the Rent (as defined in Paragraph 4.1) due during the last full month before the expiration or termination of this Lease (disregarding any temporary abatement of Rent that may have been in effect), but with Base Rent being 150% of the Base Rent payable during such last full month. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

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MTN-26.30, Revised 10-22-2020

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Page 14 of 18

27. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. Covenants and Conditions; Construction of Agreement. ~~All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions.~~ In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. Binding Effect; Choice of Law. This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. ~~Unless otherwise agreed to by the Parties in a separate signed writing, any~~ Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located. Signatures to this Lease accomplished by means of electronic signature or similar technology shall be legal and binding.

30. Subordination; Attornment; Non-Disturbance.

30.1 Subordination. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "**Security Device**"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "**Lender**") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 Attornment. In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, for the remainder of the term hereof and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 Non-Disturbance. With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "**Non-Disturbance Agreement**") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 Self-Executing. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. Attorneys' Fees. If any Party or Broker brings an action or proceeding ~~to enforce this Lease involving the Premises whether founded in tort, contract or equity,~~ or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "**Prevailing Party**" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. ~~In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).~~

32. Lessor's Access; Showing Premises; Repairs. Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice ~~of no fewer than 3 Business Days~~ for the purpose of ~~showing the same to prospective purchasers, lenders, or tenants, and~~ making such alterations, repairs, improvements or additions to the Premises as ~~Lessor may deem necessary or desirable~~ **ATC required or allowed by this Lease** and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. Signs. ~~Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Except for ordinary "For Sublease" signs which may be placed only on the Premises, Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements.~~

35. Termination; Merger. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. Consents. All requests for consent shall be in writing. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. ~~Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including~~

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MTN-26.30, Revised 10-22-2020

INITIALS

Last Edited: 6/9/2026 12:30 PM

Page 15 of 18

~~but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given.~~ In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. Guarantor.

~~37.1 Execution. The Guarantors, if any, shall each execute a guaranty in the form most recently published by AIR CRE.~~

~~37.2 Default. It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.~~

38. Quiet Possession. Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. Options. If Lessee is granted any Option, as defined below, then the following provisions shall apply.

39.1 **Definition. "Option"** shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

~~39.2 Options Personal To Original Lessee. Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.~~

39.3 **Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 Effect of Default on Options.

(a) Lessee shall have no right to exercise an Option: ~~(i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.~~

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), ~~or (ii) if Lessee commits a Breach of this Lease.~~

40. Security Measures. Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties.

41. Reservations. Lessor ~~shall not have the right to do any of the following without Lessee's prior written consent~~ ~~reserves the right:~~ (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary; (ii) to cause the recordation of parcel maps and restrictions; and (iii) to create and/or install new utility raceways, ~~even if so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights.~~

42. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. ~~A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.~~

43. Authority; Multiple Parties; Execution.

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

44. Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. Offer. Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

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MTN-26.30, Revised 10-22-2020

INITIALS

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Page 16 of 18

46. Amendments. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. ~~As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.~~

47. Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

48. Arbitration of Disputes. An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease is is not attached to this Lease.

49. Accessibility; Americans with Disabilities Act.

(a) The Premises:

have not undergone an inspection by a Certified Access Specialist (CASp). Note: A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential.

have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential except as necessary to complete repairs and corrections of violations of construction related accessibility standards.

In the event that the Premises have been issued an inspection report by a CASp the Lessor shall provide a copy of the disability access inspection certificate to Lessee within 7 days of the execution of this Lease.

(b) Since compliance with the Americans with Disabilities Act (ADA) and other state and local accessibility statutes are dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in compliance with ADA or other accessibility statutes, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

- 1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.**
- 2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.**

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

Executed at: _____
On: _____

Executed at: _____
On: _____

By LESSOR:

PAUMA VALLEY COMMUNITY SERVICES DISTRICT, a California public agency ("CSD")

By LESSEE:

RANCHO PAUMA MUTUAL WATER COMPANY, a California mutual benefit corporation ("Rancho Pauma")

By: _____
Name Printed: _____
Title: _____
Phone: _____
Fax: _____
Email: _____

By: _____
Name Printed: _____
Title: _____
Phone: _____
Fax: _____
Email: _____

By: _____
Name Printed: _____
Title: _____
Phone: _____
Fax: _____
Email: _____

By: _____
Name Printed: _____
Title: _____
Phone: _____
Fax: _____
Email: _____

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Address: _____
Federal ID No.: _____

BROKER

NONE

Attn: NONE
Title: _____

Address: _____
Phone: _____
Fax: _____
Email: _____
Federal ID No.: _____
Broker DRE License #: _____
Agent DRE License #: _____

Address: _____
Federal ID No.: _____

BROKER

NONE

Attn: NONE
Title: _____

Address: _____
Phone: _____
Fax: _____
Email: _____
Federal ID No.: _____
Broker DRE License #: _____
Agent DRE License #: _____

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**OPTION(S) TO EXTEND TERM
STANDARD LEASE ADDENDUM**

Dated: March 15, 2026

By and Between

Lessor: PAUMA VALLEY COMMUNITY SERVICES DISTRICT, a California public agency ("CSD")

Lessee: RANCHO PAUMA MUTUAL WATER COMPANY, a California mutual benefit corporation ("Rancho Pauma")

Property Address: the former California Highway Patrol office space, cinder block shop building, metal storage building, 40-foot storage container, and the building known by the Parties as the chlorine storage building, located at 33129 Cole Grade Road, Pauma Valley, CA 92061
(street address, city, state, zip)

Paragraph: 50 **OPTION(S) TO EXTEND TERM.** Subject to the terms, conditions and provisions of Paragraph 39, Lessor grants Lessee one (1) option(s) to extend the term of the Lease ("**Extension Option(s)**"), with each Extension Option being for a term of sixty (60) months, commencing when the prior term expires ("**Option Term(s)**"). In order to exercise an Extension Option, Lessee must give written notice of such election to Lessor and Lessor must receive such notice at least one (1) but not more than twelve (12) months prior to the date that the applicable Option Term would commence, time being of the essence. If timely and proper notification of the exercise of an Extension Option is not given by Lessee and/or received by Lessor, such Extension Option shall automatically expire. Except as specifically modified, the terms, conditions and provisions of the Lease shall apply during Option Terms but the amount of Rent during Option Terms shall be established by using the method(s) selected below (*check method(s) to be used and fill in appropriately*):

I. Consumer Price Index.

~~(a) During the Option Term(s) which start(s) on _____, the monthly Base Rent shall be increased on _____ and every _____ months thereafter during such Option Term(s) ("**Option Term CPI Increase Date(s)**") commensurate with the increase in the Option Term CPI (as herein defined) determined as follows: the monthly Base Rent scheduled for the month immediately preceding the first occurring Option Term CPI Increase Date shall be multiplied by a fraction the denominator of which is the Option Term Base CPI (as herein defined), and the numerator of which is the Option Term Comparison CPI (as herein defined). The amount so calculated shall constitute the new Base Rent until the next Option Term CPI Increase Date during the applicable Option Term, but in no event shall any such new Base Rent be less than the Base Rent for the month immediately preceding the applicable Option Term CPI Increase Date.~~

~~(b) The term "**Option Term CPI**" shall mean the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select one): CPI-W (Urban Wage Earners and Clerical Workers) or CPI-U (All Urban Consumers), for (fill in Urban Area): _____ or the area in which the Premises is located, All Items (1982-1984 = 100). The term "**Option Term Comparison CPI**" shall mean the CPI of the calendar month which is 2 full months prior to the applicable Option Term CPI Increase Date. The term "**Option Term Base CPI**" shall mean the CPI of the calendar month which is 2 full months prior to (select one): Commencement Date of the Original Term, start of the applicable Option Term, or (fill in month) _____.~~

~~(c) If compilation and/or publication of the CPI is transferred to another governmental department, bureau or agency or is discontinued, then instead the index most nearly the same as the CPI shall be used to calculate the Base Rent increases hereunder. If the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said association and the decision of the arbitrators shall be binding upon the parties, with the cost of such arbitration being paid equally by the Parties.~~

II. Fixed Percentage. During the Option Term(s) which start(s) on _____, the monthly Base Rent shall be increased on _____ and every _____ months thereafter during such Option Term(s) ("**Option Term Percentage Increase Date(s)**") by _____ percent (_____%) of the monthly Base Rent scheduled to be paid for the month immediately preceding the applicable Option Term Percentage Increase Date.

III. Fair Market Value.

(a) During the Option Term(s) which start(s) on immediately upon the expiration of the prior Term, the amount of Rent shall be the amount forecasted to be the fair market rental value of the Premises during such Option Term established pursuant to the procedures, terms, assumptions and conditions set forth herein ("**Fair Market Value**"); provided, however, regardless of such Fair Market Value, Base Rent during an Option Term shall not be less than the Base Rent scheduled as of when the prior term expires. Starting as of Lessee's exercise of the applicable Extension Option (but not earlier than six (6) months before start of the applicable Option Term), the Parties shall for thirty (30) days ("**Negotiation Period**") attempt to agree upon the Fair Market Value. If during the Negotiation Period the Parties do not agree on the Fair Market Value, then the Fair Market Value shall be established pursuant to the procedures set forth herein, which shall be binding.

(b) Each Party shall, within fifteen (15) days after the end of the Negotiation Period, in writing submit to the other Party such Party's determination of the Fair Market Value ("**Submitted Value(s)**"). If a Party fails to timely provide a Submitted Value, then the other Party's Submitted Value shall be the Fair Market Value. If both Parties timely provide Submitted Values, then each Party shall, within fifteen (15) days after both Parties have exchanged Submitted Values, in writing notify the other Party of such Party's selected valuator who shall meet the qualifications set forth herein ("**Advocate Valuator(s)**"). Lessor and Lessee may select an Advocate Valuator who is favorable to such Party's position and may, prior to or after appointment of an Advocate Valuator, consult with such Party's Advocate Valuator. If a Party fails to timely and properly provide notice of such Party's chosen Advocate Valuator, then the other Party's Submitted Value shall be the Fair Market Value.

(c) If both Parties timely and properly designate Advocate Valuators, then such Advocate Valuators shall, within fifteen (15) days after their selection, choose a third (3rd) neutral valuator who shall meet the qualifications set forth herein ("**Neutral Valuator**"). The Neutral Valuator shall be engaged jointly by Lessor and Lessee.

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OE-7.02, Revised 01-13-2023

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Last Edited: 6/9/2026 12:30 PM

Page 1 of 2

If Advocate Valuators fail to agree upon and timely appoint a Neutral Valuator, then the President of AIR CRE shall appoint such Neutral Valuator within fifteen (15) days after request by either Party. If the President of AIR CRE does not timely appoint the Neutral Valuator, then either Party may file an appropriate legal action for a judge with competent jurisdiction over the Parties to appoint the Neutral Valuator.

(d) The Advocate Valuators and the Neutral Valuator ("Valuator(s)") shall be duly licensed real estate brokers or salespersons in good standing in the state in which the Premises is located, shall have been active over the five (5) year period before their appointment in the leasing of properties similar to the Premises within the general real estate market of the Premises. The Neutral Valuator shall additionally not be related to or affiliated with either Party or Advocate Valuator, and shall not have previously represented in a real estate transaction a Party or anyone related to or affiliated with a Party. All matters to be determined by the Valuators shall be decided by a majority vote of the Valuators, with each Valuator having one (1) vote. The Valuators may, as the Valuators determine, hold hearings and require briefs, including market data and additional information.

(e) Within thirty (30) days after selection of the Neutral Valuator, the Valuators shall first determine the Fair Market Value established by taking into account the terms, assumptions and conditions set forth herein ("Valuators' Market Value"), then decide which Party's Submitted Value is closer in monetary amount to the Valuators' Market Value ("Selected Market Value"), then provide the Parties a copy of the Valuators' Market Value and finally notify the Parties of the Selected Market Value. The Selected Market Value shall be the Fair Market Value. The Valuators shall have no right to decide a Selected Market Value which is a compromise to (or modification of) the Submitted Values. The decision of the Valuators shall be binding upon the Parties. The Party whose Submitted Value is not the Selected Market Value shall, within ten (10) days after the Valuators decide the Selected Market Value, pay the fees and costs of all three (3) Valuators.

(f) If the Fair Market Value has not been established before the start of the applicable Option Term, then Lessee shall continue to pay to Lessor rent in the amount payable for the month immediately preceding the start of such Option Term and Lessor's acceptance of such rent shall not waive, adversely affect or prejudice the Parties' right to complete establishment of the Fair Market Value or Lessor's right to collect the full amount of the Fair Market Value once the Fair Market Value is established. Lessee shall, within ten (10) days after establishment of the Fair Market Value, pay to Lessor any deficiency in rent then due for the Option Term. Following establishment of Fair Market Value, the Parties shall, within ten (10) days after request by either Party, sign an amendment to this Lease to confirm the Fair Market Value and the expiration date of this Lease, but the Parties' failure to request or to sign such an amendment shall not affect establishment of the Fair Market Value or extension of the Lease term.

(g) The Valuators, in deciding the Valuators' Market Value, shall take into account rent rates, rent abatements, periodic rent increases, real property taxes, insurance premiums and other operating expenses, tenant improvement and other applicable allowances, building services, length of lease term and other factors professional real estate brokers and/or appraisers customarily consider in determining fair market rent of property in an arm's length transaction by ready, willing and able parties for space of comparable location, size, age, condition, quality, parking, visibility, view, signage and accessibility if the Premises were marketed in a normal and customary manner for a reasonable length of time on the open market to be leased to a tenant with financial strength and credit worthiness comparable to Lessee and guarantors (if any) of this Lease (as of Lessee's exercise of the Extension Option) for a term comparable to the length of the applicable Option Term and used for the Agreed Use (or other reasonably comparable uses). The Valuators, in deciding the Valuators' Market Value, shall not consider as a comparable transaction any of the following: a sublease, lease assignment, lease renewal or extension; lease with a tenant that has equity, is related to or affiliated with the landlord; or a lease of space that was subject to a right of first refusal, right of first offer, expansion option or other encumbrances. The Valuators, in deciding the Valuators' Market Value, shall reduce the Fair Market Value on account of Alterations and improvements made by Lessee to the extent the cost thereof was paid solely by Lessee (in excess of any applicable improvement allowance, abated rent in lieu of improvement allowance or other consideration provided by Lessor for Lessee's improvement of the Premises), shall not reduce the Fair Market Value on account of any real estate brokerage commission savings by Lessor, and shall not reduce the Fair Market Value on account of deferred maintenance or repair of the Premises for which Lessee was responsible under the Lease but did not perform.

IV. Fixed Rental Adjustment(s) ("FRA").

~~The monthly Base Rent shall be increased to the following amounts on the dates set forth below:~~

~~On (fill in FRA Adjustment Date(s)):~~

~~The new Base Rent shall be:~~

V. ~~Continuation of Original Term Adjustments.~~

~~The monthly Base Rent during the Option Term(s) which start(s) on _____ shall be increased in accordance with the same formula provided in the Lease to be used to calculate increases in the Base Rent during the Original Term of the Lease.~~

BROKER'S FEE: For each adjustment in Base Rent specified above, the Brokers shall be paid a Brokerage Fee in accordance with paragraph 15 of the Lease or if applicable, paragraph 9 of the Sublease.

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ADDENDUM #1

**TO
STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE—NET**

2026 Lease

This ADDENDUM #1 TO STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE-- NET *2026 Lease* (“**Addendum**”) is attached to and made a part of that certain STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE-- NET dated for purposes of reference only March 15, 2026 (“**Main Lease Body**”), by and between CSD and Rancho Pauma with respect to certain real property located at and commonly known as 33129 Cole Grade Road, Pauma Valley, California.

51. References to the “**Lease**” in the Main Lease Body, this Addendum, and all other materials attached to or otherwise incorporated by reference into the Main Lease Body, shall mean and refer to all of the foregoing, collectively. Capitalized terms used but not otherwise defined in this Addendum will have the same meanings as given to them in the rest of the Lease. The Lease may also be referred to in this Addendum as the “**2026 Lease**.”

52. Recitals: The Parties hereby represent and warrant to each other the following:

a. As of the date set forth in paragraph 1.1 of the Main Lease Body, Rancho Pauma and CSD are parties to that certain STANDARD INDUSTRIAL/ COMMERCIAL MULTI-TENANT LEASE-- NET dated for purposes of reference only March 29, 2024, as amended by that certain First Amendment to Lease dated September 23, 2024 (collectively, the “**Prior Lease**”), and Rancho Pauma occupies the Premises pursuant to the Prior Lease.

b. CSD holds title to certain real property in the unincorporated area of Pauma Valley, in the County of San Diego, California which includes a building that is currently being used for office uses by the CSD and the Rancho Pauma (which may be referred to herein as the “**Company**”). On September 1, 2023, Rancho Pauma filed suit in the Superior Court for San Diego County, Case No. 37-2023-00038164CU-BC-NC (the “**Action**”) seeking adjudication of various issues (the “**Disputed Issues**”). The CSD denies the allegations in the lawsuit.

c. On or about March 20, 2024, the Parties entered into a Memorandum of Understanding (the “**MOU**”) which, among other things, called for (i) the Parties to enter into a tolling agreement regarding the Disputed Issues, (ii) the Parties to enter into a lease to coordinate the Parties’ occupancy and use of a portion of the Project in the interim, and (iii) for Company to dismiss the Action without prejudice within thirty (30) days of execution of said lease. The Prior Lease is the interim lease referred to in the foregoing clause (ii).

d. Simultaneously with executing this 2026 Lease, the Parties intend to execute a settlement agreement resolving the Action by which, among other things, Rancho Pauma will release its claims of ownership of the Project.

e. Immediately upon this 2026 Lease becoming effective this 2026 Lease shall replace and supersede the Prior Lease; and the Prior Lease shall automatically be deemed terminated and of no further force or effect.

53. Preservation of Rights. Notwithstanding anything to the contrary set forth in this Lease, including but not limited to the convention of referring to CSD as “Lessor” and Company as “Lessee”, except as otherwise expressly waived, relinquished, or impaired in the MOU and/or the above-referenced settlement agreement, the Parties’ each respectively reserve all of their pre-MOU claims, defenses, rights, or interests; and the Parties’ respective negotiation, execution, and performance of this Lease shall not constitute or effect, or be deemed to constitute or effect, a full or partial waiver, relinquishment, or impairment of either Party’s pre-MOU claims, defenses, rights, or interests.

54. Conflicting Provisions. In the event of any conflict between the terms of this Addendum and those of the Main Lease Body or other addenda thereto, the terms and conditions of this Addendum shall control.

55. Premises; Common Area.

- a. Administrative Building; Utilities. Except as otherwise set forth herein, CSD shall have exclusive use, possession, and control of the remainder of the Administration Building other than those parts of the Administration Building identified herein as part of the Common Area (“**CSD Exclusive Premises**”), and accordingly said CSD Exclusive Premises shall not be deemed part of the leased Premises and not part of the Common Area. Notwithstanding the foregoing, the CHP Building and the portions of the Administration Building which comprise CSD Exclusive Premises versus its Common Areas are not separately metered for utilities; accordingly, the Parties hereby agree to split the service use costs of utilities serving any part of the Administration Building and/or the CHP Building as a Common Area Operating Expense under paragraph 4.2(a)(ii). The CSD has a solar project that was paid for and administered by the CSD. Company acknowledges that it will not receive any benefit or credit from the CSD’s solar project that impacts the CSD’s monthly SDG&E billing. Any monthly charge for the electrical metering for the Company’s share of electricity will not be offset by any savings from the CSD’s solar project. By way of example, say the gross invoice for electrical utilities for the building is \$1,000. Company’s share would be 40% or \$400. Assume the net metering credit for the solar project is \$200. Company would still owe \$400 for that month for their share of electrical credits.

The CSD will provide the complete billing statement from SDG&E for each month to review. The CSD agrees to meet in good faith after six months of this lease to discuss the monthly utility charges and the invoicing.

- b. Cinder block shop building; Metal storage building; 40-foot storage container; Chlorine storage building. The cinder block shop building, the metal storage building, 40-foot storage container, and the chlorine storage building, are part of this lease; and, other than the chlorine storage building, all of the foregoing are

subject to reasonable joint use by the CSD. The parties hereby affirm and agree that the use of the chlorine storage building facility is subject to the rules of Company's current risk management plan ("RMP") which provides that only operators trained on the RMP are authorized to enter that facility. The Parties acknowledge that the chlorine storage building is presently a regulated CalARP Program Level 2 facility operated exclusively by Company and subject to Company's RMP and all applicable laws and regulatory requirements. Operational control of the chlorine storage facility shall remain solely with Company. The Company shall remove all chlorine storage from this building by December 31, 2026, and thereafter this location and the leased premises will not be a storage facility for chlorine for the remainder of this Lease. Any updates to the RMP required solely and directly as a result of modifications to chlorine storage at the Premises contemplated by this provision shall be completed by Company. CSD shall reimburse Company only for the reasonable, third-party consulting fees actually incurred for the limited purpose of analyzing, documenting, and incorporating such chlorine storage modifications into the existing RMP, in an amount not to exceed \$2,000.00. Company shall retain sole authority over the final scope of the work as necessary to ensure compliance with applicable laws and requirements. For the avoidance of doubt, reimbursable costs shall exclude, and CSD shall have no obligation to pay for, any costs associated with (i) a facility-wide or comprehensive update of the RMP, (ii) correction of pre-existing deficiencies, (iii) updates unrelated to chlorine storage, or (iv) routine, periodic, or regulatory updates not directly and exclusively attributable to the chlorine storage modifications described herein. If a regulatory agency having jurisdiction, other than the CSD, issues a notice of violation, order, citation, or similar enforcement action based upon the continued presence or storage of chlorine at the facility, Company shall pay rent to CSD at a monthly amount equal to the holdover rent otherwise payable under this Lease. Further, failure to remove the chlorine storage from the leased premises as agreed to in section 55(b) shall also result in the payment of holdover rent until the chlorine stored on the premises is removed. Such additional rent shall accrue only from the date of issuance of the notice, order, citation, similar enforcement action, or the presence of chlorine storage after December 31, 2026, and shall cease upon the complete removal of all chlorine from the chlorine storage building.

56. Personal Property; Tenant Improvements.

a. Furnishings; Office equipment. Except as otherwise set forth herein or provided for in the MOU or another separate writing signed by the Parties, during the Term of the Lease, Company shall furnish the leased Premises with their own furniture, fixtures, and equipment. For avoidance of doubt, during the Term of the Lease, Company shall not have access to or use of CSD's office equipment located within the CSD Exclusive Premises.

b. Generator. CSD and Company hereby affirm and agree that (i) the generator located behind the Administrative Building is a personal property asset jointly owned 50/50 by CSD and Company; (ii) the APCD permit for the generator is presently held in Company's name. The permit will be amended for the generator to be in the CSD's name during

the Term of the Lease and any extension thereof. Any updates to the RMP required as a result of this provision shall be completed by the Company, and shall be expensed to the CSD, which shall reimburse Company for this expense, and such approval shall not be unreasonably withheld, conditioned, or delayed. Should the generator need to be replaced during the Term of the Lease and any extension thereof, the CSD will pay for and own the new generator.

c. SCADA. CSD and Company hereby affirm and agree that (i) the Supervisory Control and Data Acquisition (SCADA) system is a personal property asset solely owned by Company; (ii) during the Term of the Lease and any extensions thereof, CSD shall promptly undertake all necessary steps to develop and implement its own independent SCADA system and diligently pursue those steps to completion; and (iii) Company shall not arbitrarily interrupt CSD's access to the existing SCADA system until the earlier of (A) CSD's independent SCADA system becoming operational, or (B) the end of the Lease Term including any extension thereof.

d. Tenant Improvements. During the Lease Term, Company shall bear the sole expense of any tenant improvements which Company may wish to make within the former CHP office space, including but not limited to restructuring or reconfiguring the interior spaces of same, painting, wallpapering, adding or changing locks, placing signs, displays or exhibits, and/or using screws, fastening devices, large nails or adhesive materials; all of which Company may undertake. Company shall obtain prior written consent from CSD for all tenant improvements by submitting plans, and designs to the CSD for approval. Company agrees to obtain all permits necessary for tenant improvements from the County or other agencies necessary for approval. Company may make non-structural, cosmetic improvements, including painting and similar minor work, without notice to or approval by CSD. All other tenant improvements shall require submission of plans to CSD for approval, which approval shall not be unreasonably withheld, conditioned, or delayed

e. Repairs. Notwithstanding anything to the contrary set forth in this 2026 Lease, and for avoidance of doubt, Company shall not be responsible for the cost of repairs or replacement of any structural components or building systems of the Project or Premises, including without limitation the roof, foundation, structural elements, and HVAC and other building systems, where such repairs or replacement are required due to ordinary wear and tear or the expiration of the useful life of such components or systems, provided that Company has complied with its maintenance obligations under this Lease. The Company is responsible for maintaining or replacing all tenant improvements installed. The Company is responsible for maintaining or replacing all tenant improvements installed.

57. Notice. Until notice of updated address is given in accordance with this Lease, the addresses for notice to the respective Parties shall be as follows:

To Rancho Pauma:	Rancho Pauma Mutual Water Company Attn: Administrative Manager 33129 Cole Grade Road Pauma Valley, CA 92061
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	<p>With simultaneous copy to:</p> <p>Procopio Cory Hargreaves & Savitch LLP Attn: J. Nelson (C/M 133032-01) 525 B Street, Suite 2200 San Diego, CA 92101</p>
To CSD:	<p>Pauma Valley Community Service District 33129 Cole Grade Road Pauma Valley, CA 92061 Attn: General Manager</p>

58. Base Rents. Base Rents payable during the first ten years (120 months) of the Term shall be as set forth in the schedule immediately below: *(schedule begins on the following page)*

Month of the Initial Term:	Monthly Base Rent Amount:
Months 1-12	\$1,500.00
Months 13-24	\$1,500.00
Months 25-36	\$1,500.00
Months 37-48	\$1,545.00
Months 49-60	\$1,591.35
Months 61-72	\$1,639.09
Months 73-84	\$1,688.26
Months 85-96	\$1,738.91
Months 97-108	\$1,791.08
Months 109-120	\$1,844.81

59. Early Termination. Notwithstanding anything to the contrary set forth in this Lease, either Lessor or Lessee may elect to terminate this Lease early for any reason or no reason, provided that such elective early termination shall only be effective if it satisfies all of the following preconditions:

- a. The party electing to terminate early must deliver notice of such early termination (an “**Early Termination Notice**”) to the other party no less than twelve (12) months in advance of the intended termination date, which intended termination date must be stated in the Early Termination Notice; and
- b. The earliest date on which an Early Termination Notice may be delivered is the last calendar day of the thirty sixth (36th) month of the Lease Term, and any attempted delivery of early termination notice prior to that date shall be ineffective. Accordingly, for avoidance of doubt, the parties hereby affirm that the earliest intended termination date on which this Lease may be electively terminated

pursuant to this paragraph 59 is the first calendar day of the forty-eighth (48th) month of the Term of the Lease.

60. Miscellaneous. This Addendum and Lease shall be binding on and shall inure to the benefit of the Parties and their respective heirs, executors, administrators, successors and assigns. This Addendum and Lease contains the entire Addendum and Lease between the Parties relating to the subject of this Addendum and Lease. Except as otherwise expressly provided for herein, this Addendum and Lease may be canceled, changed, modified or amended, in full or in part, only by a written agreement signed by both Parties or their respective successors or assigns. For all purposes, this Addendum and Lease shall be deemed to have been drafted jointly by each of the Parties. This Addendum and Lease is executed and delivered in the State of California, County of San Diego, and shall be construed and enforced in accordance with, and governed by, the laws of the State of California.

a. Further Assurances. Each Party agrees to do and perform all such further acts and things and shall execute and deliver such other certificates, instruments and documents necessary to carry out the intent and accomplish the purposes of this Addendum and Lease and to evidence, perfect or otherwise confirm its rights hereunder.

b. Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

c. Counterparts. This Addendum and Lease may be executed in multiple counterparts, each of which may be deemed an original, but all of which together shall constitute one and the same agreement. Executed counterparts of this Addendum and Lease may be executed using DocuSign and may be transmitted by email or fax and any such executed counterparts shall have the same force and effect as an originally executed counterpart.

d. Authority of Signors. Any person executing this Addendum and/or Lease on behalf of a corporation, partnership or other entity warrants that he or she has been duly authorized by such entity to execute same on its behalf pursuant to duly adopted resolutions or some other document or agreement empowering him or her to do so.

[SIGNATURE PAGE(S) FOLLOW(S)]

IN WITNESS WHEREOF, the Parties have executed this ADDENDUM #1 TO STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE—NET *2026 Lease* as of the date(s) set forth below:

LESSOR:

PAUMA VALLEY COMMUNITY SERVICES DISTRICT, a California public agency

By: _____

Name: _____

Title: _____

Dated: _____

LESSEE:

RANCHO PAUMA MUTUAL WATER RANCHO PAUMA, a California mutual benefit corporation

By: _____

Name: _____

Title: _____

Dated: _____

As Approved to Form:

Jeffery A. Morris, Partner
Devaney Pate Morris & Cameron

PVCSD General Counsel

John Nelson, Partner
Procopio

Counsel for RPMWC

**2026-2027 FCSA Delinquent Accounts
to be reported to County by 8/10/26**

<u>APN</u>	<u>Monthly Invoice Amount</u>	<u>Amount Owed as of June 15, 2026</u>	<u>Admin \$50</u>	<u>Tax Roll Transfer Amount</u>
130-191-30-00	407.61	\$ 4,706.50	\$ 50.00	\$ 4,756.50
132-090-13-00	156.69	\$ 1,668.94	\$ 50.00	\$ 1,718.94
132-470-31-00	407.61	\$ 4,403.88	\$ 50.00	\$ 4,453.88
132-360-77-00	407.61	\$ 5,459.13	\$ 50.00	\$ 5,509.13
132-470-65-32	407.61	\$ 2,617.62	\$ 50.00	\$ 2,667.62
130-080-47-05	283.18	\$ 1,936.11	\$ 50.00	\$ 1,986.11
130-080-47-19	283.18	\$ 2,988.30	\$ 50.00	\$ 3,038.30

RESOLUTION NO. 140

A RESOLUTION OF THE BOARD OF DIRECTORS OF PAUMA VALLEY COMMUNITY SERVICES DISTRICT ADOPTING THE REPORT OF THE ANNUAL DELINQUENT CHARGES AND PENALTIES AND DIRECTING THE GENERAL MANAGER OF THE DISTRICT TO FILE THE REPORT WITH THE SAN DIEGO COUNTY AUDITOR FOR PLACEMENT OF CHARGES AND PENALTIES ON THE TAX ROLL FOR COLLECTION

WHEREAS, the Board of Directors of Pauma Valley Community Services District (“District”) has adopted a Resolution as authorized by Government Code section 61115 to provide, by resolution or ordinance, for the collection of delinquent service charges and penalties on the tax roll in the same manner as property taxes; and

WHEREAS, pursuant to Government Code section 61115(b), the General Manager has prepared a written report (“Report”), a copy of which is attached hereto and by this reference incorporated herein, describing each parcel of real property with delinquent and unpaid charges and penalties for District services and facilities for Fiscal Year 2026-2027, and those charges and penalties have been confirmed as correct; and

WHEREAS, the General Manager has caused notice of the filing of the Report to be published and has given notice of the hearing to consider such Report all in accordance with California Government Code section 61115(b); and

WHEREAS, the Board of Directors has heard and considered all objections and protests to the Report.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PAUMA VALLEY COMMUNITY SERVICES DISTRICT, as follows:

- Section 1. The Board of Directors hereby finds and determines that the Recitals are true and correct and are incorporated herein.
- Section 2. The Board of Directors of the District hereby adopts the Report and all charges and penalties described therein.
- Section 3. On or before the 10th day of August 2026, the General Manager is hereby directed to file a copy of the Report with the San Diego County Auditor, together with a statement endorsed thereon over his/her signature that the Report has been adopted by the Board of Directors.
- Section 4. The Board hereby requests the County Auditor to place the delinquent charges and penalties described in the Report on the Tax Roll for collection in the same manner as ordinary ad valorem property taxes and subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ad valorem taxes. The Board authorizes the County Tax Collector to deduct the reasonable administrative costs incurred in collecting the delinquent charges and the special tax, and to pay the remainder to PAUMA VALLEY COMMUNITY SERVICES DISTRICT.
- Section 5. The Board authorizes and directs the General Manager to perform such additional duties as are required to ensure placement of the delinquent charges and penalties on the Tax Roll on or before August 10, 2026.
- Section 6. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED BY the Board of Directors of the Pauma Valley Community Services District, Pauma Valley, California, held on the 22nd day of June 2026, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Fred Nelson, President

ATTEST:

APPROVED AS TO FORM:

Michael Esparza, Secretary

Jeffrey A. Morris, General Counsel



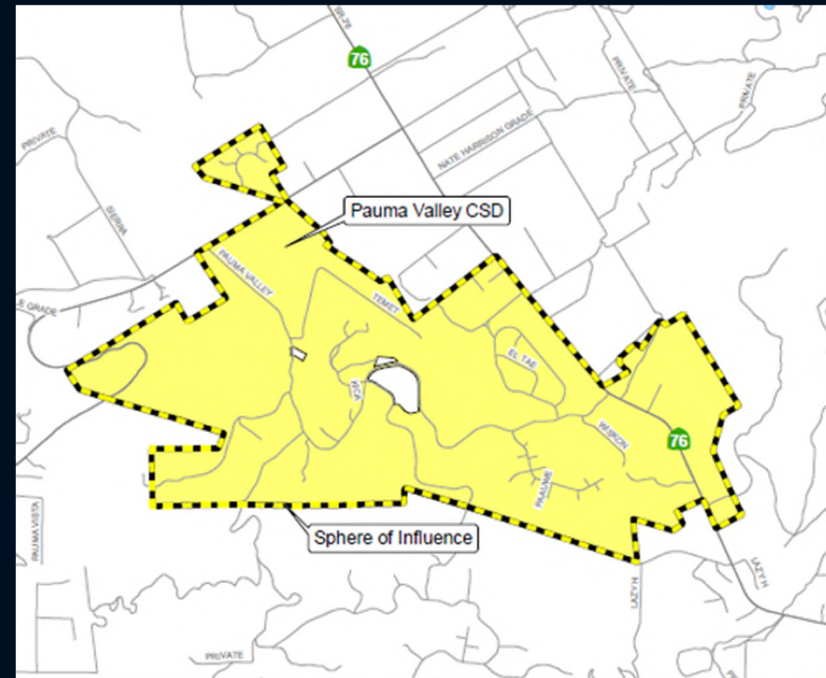
Pauma
Valley
Community
Services
District

Fiscal Year 2026 – 2027 Preliminary Budget

JUNE 22, 2026
PRESENTED BY GENERAL MANAGER, ERIC STEINLICHT

Budget Presentation Agenda

- District Overview
- Budget Factors
- Operating Budget
- Capital Expenditures
- Notable Budget Adjustments
- General Manager Initiatives
- Staff Recommendation
- Questions, Comments and/or Concerns



District Overview

SANITATION DIVISION

- One Wastewater Treatment Plant (WWTP)
 - Designed for 175,000 Gallons of Sewage per Day
 - Currently Receives Approximately 40,000-50,000 Gallons per Day
 - Discharges into 4 Percolation Ponds
 - 4 Wastewater Lift Stations
 - Oak Tree → Office → Utility Shop → Main WWTP Lift Station
 - Heavily Regulated by the State Water Resources Control Board via Notice of Applicability
- Approximately 8 ½ Miles of Wastewater Collection System Mainline
 - Approximately 80% VCP (Vitrified Clay Pipe) at End of Service Life or Exceeded Service Life
 - 180 Maintenance Hole Access Points
 - Heavily Regulated by the State Water Resources Control Board via Statewide General Waste Discharge Requirements (WDRs)
- Approximately 15 Storm Drain Assets
- 3 Full Time Utility Employees Under the General Manager:
 - General Services Supervisor, Utility Worker I, and 1 Utility Worker I/II Vacancy Currently in Active Recruitment
 - Supplemented by Multiple Contract Operators Reporting to the District General Manager
 - Several Certifications Required for Regulatory Compliance



District Overview

• SECURITY DIVISION

- Security Patrol Subdivision
 - 2 Patrol Vehicles
 - 1 Security Services Lead and 4 Full Time Employees, 1 Half/Half (Patrol and Gates)
 - Trained in Advanced First Aid, AED and CPR Emergency Response
 - Trained in venomous/non-venomous snake and animal removal
 - Certified "Guard Card" Holders
- Security Gates Subdivision
 - 4 Security Gates Managed and Operated by the District
 - Access Control Equipment, Hardware, Software, and CCTV Surveillance Assets
 - 3 Full Time Employees
 - 1 Part Time Employee
 - 1 Half/Half (Same Employee as listed in the Patrol)
 - Certified "Guard Card" Holders

• ADMINISTRATIVE DIVISION

- 3 Full Time Employees, Including the General Manager
- 1 Part Time Employee



Budget Factors

- DRIVERS

- Implementation of Cost-of-Service Analysis (COSA) adopted rates
- Inflationary and economic landscape pressures (tariffs, cost-of-living, contractor rate increases)
- District operating as a stand-alone entity (no longer sharing costs with RPMWC) Organizational restructuring
- New Utility Worker I/II position and vacant Office Clerk position
- Solar Project transition from stranded asset to active operational savings (first full year of conservative projections)
- Aging District-wide assets reaching the end of service life (wastewater pipes, gates, pumps)
- Prevailing wage required by Department of Industrial Regulations
- Deferred maintenance items now being addressed (main lift station, WWTP, pumps, Oak Tree discharge piping)
- SCADA system transitioning from implementation to ongoing maintenance and backup continuity
- LAFCO Annexation process completion
- Capital Improvement Plan (CIP) development

Budget Factors

- GENERAL MANAGER INITIATIVES
 - Submit LAFCO Annexations
 - Complete Solar Project
 - Present a mid-year budget review (planned)
 - Submit for SDLF Transparency Certification
 - Complete the Strategic Plan and Capital Improvement Plan
 - Complete new SCADA system
 - Complete an Asset Management Plan
 - Remedy Office CCTV Security Cameras
 - Host a Community-Wide Forum
 - Review and Update Job Descriptions
 - Review Two District Ordinances via Legal Analysis

Operating Budget

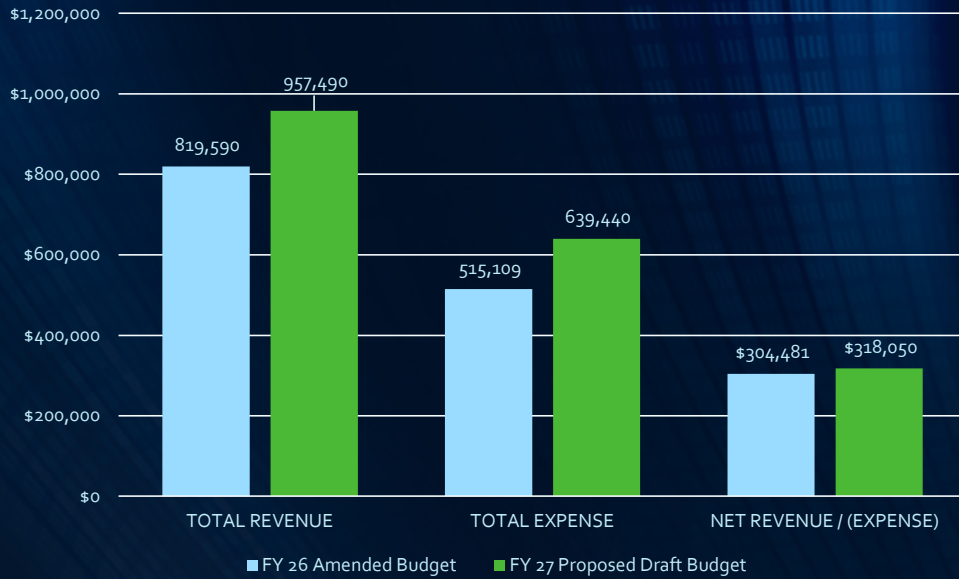
- LABOR BUDGET – BASED ON FULLY BURDENED COSTS

Division	FY 2025-2026	FY 2026-2027	Variance
Admin	\$298,544	\$432,577	\$134,033
Utility	\$85,846	\$126,843	\$40,997
Patrol	\$357,841	\$352,593	(\$5,248)
Gate	\$214,326	\$267,236	\$52,910
Total	\$956,557	\$1,179,279	\$222,722

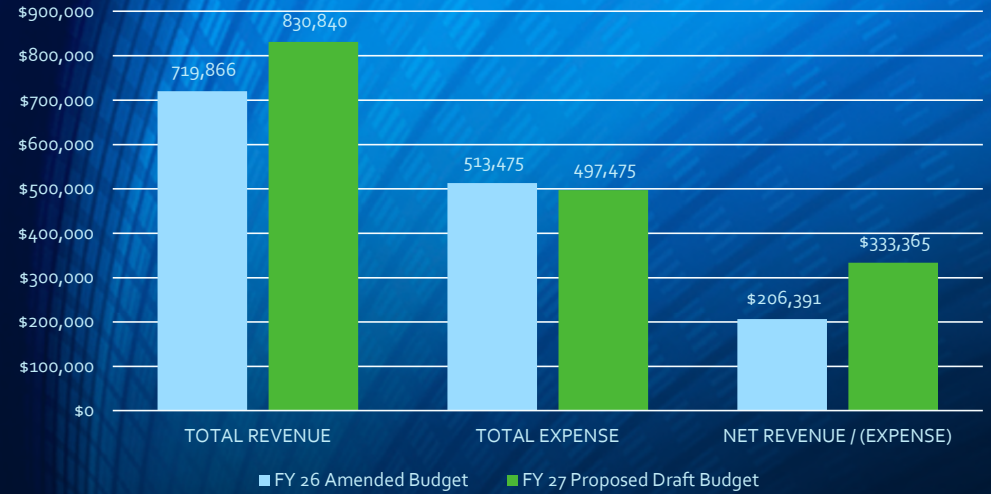
Operating Budget

- DIVISION BUDGETS

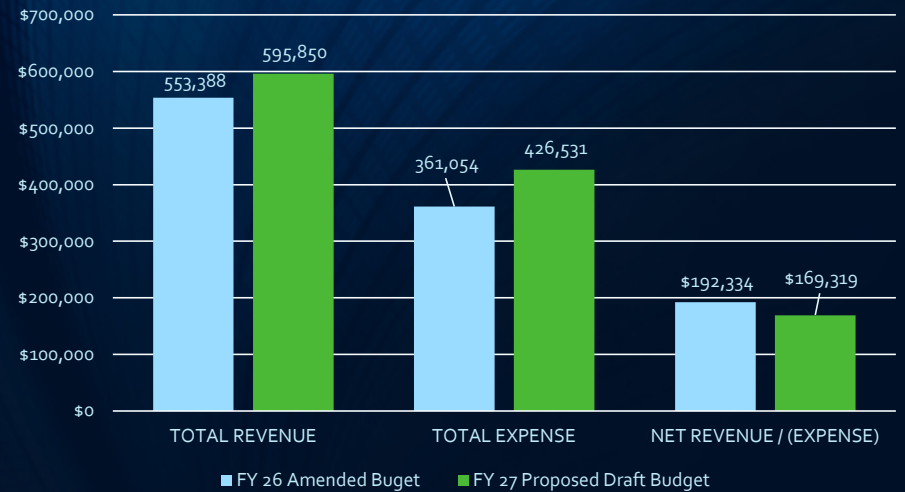
Sewer Budget



Patrol Budget



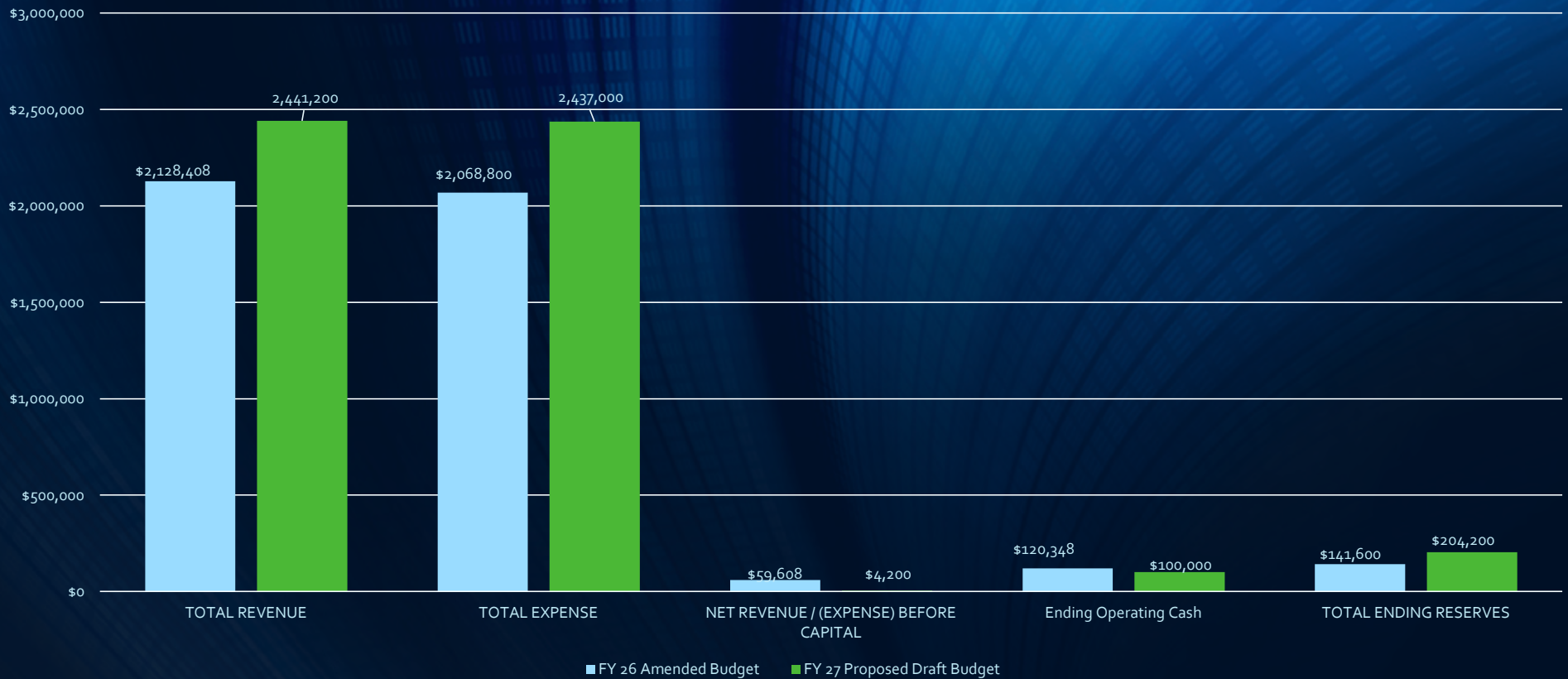
Gate Budget



Operating Budget

- CONSOLIDATED BUDGET

Consolidated Budget



Operating Budget

- SALARY SCHEDULE

Pauma Valley Community Services District				
Pay Range Salary Schedule - Effective July 1, 2026				
Job Title	hourly min	hourly max	annual min	annual max
General Manager (FLSA Exempt)	-	-	\$123,188.00	\$211,640.00
Office Manager (FLSA Exempt)	-	-	\$55,702.40	\$97,240.00
General Services Supervisor	\$37.96	\$46.02	\$78,957	\$95,722
Administrative Assistant	\$25.75	\$34.89	\$53,561	\$72,575
Office Clerk (Part-Time -18 hrs/week max)	\$20.03	\$27.63	\$18,748	\$25,859
Utility Worker II	\$26.18	\$35.69	\$54,448	\$74,241
Utility Worker I	\$22.57	\$32.16	\$46,941	\$66,886
Security Services Lead	\$27.56	\$33.54	\$57,325	\$69,763
Patrol Officer	\$22.39	\$28.94	\$46,574	\$60,202
Gate Attendant II	\$20.54	\$26.34	\$42,723	\$54,794
Gate Attendant I	\$18.86	\$24.66	\$39,219	\$51,289

General Manager Initiatives

Initiative	Explanation
Submit LAFCO Annexations	Work with extension of staff, Civil Engineer, to complete a new legal boundary and legal description for 12 parcels, project estimated to be \$10-15k
Complete Solar Project	Finalize solar project, solar loan, clean panels, and switch the system on to generate power savings each month
Present mid-year budget	Staff plans to review budget and suggest revisions as needed on or around September of 2026
Submit for a the SDLF Transparency Certification	Finalize and complete the SDLF transparency certification for the District
Complete District Strategic Plan and Capital Improvement Plan	Strategic Plan has now been approved and adopted, now staff focus on the next CIP plan (and Asset Management Plan)
Fill All Vacant Positions Post Organizational Restructuring	Restructure, interview, updated job descriptions have been implemented, outstanding positions seeking to be filled: Utility Worker I/II and Part Time Office Clerk
Complete Upgraded SCADA System	Complete and Finalize the SCADA project and present to the Board upon its completion – staff working through bugs as of now with the SCADA team
Remedy Office CCTV Security Cameras	Discussions have been engaged with the SCADA technician to implement CCTV Office Security Camera repair in addition to adding view/monitor capability to the SCADA system
Obtain Two District Ordinance Legal Reviews to Ensure Legality	Work with General Counsel to thoroughly review two District Ordinances for legality and report to Board with Legal Assessments
Host a Community Wide Forum and Update Job Descriptions	General Services Supervisor, Security Services Lead and Gate Attendant II job descriptions to be created and Utility Worker I/II to be updated – Host a community forum for the community to learn about District services

Staff Recommendation

DISTRICT
TRANSPARENCY
CERTIFICATE OF
EXCELLENCE
RECIPIENT

- APPROVE THE FISCAL YEAR 2026-2027 OPERATING BUDGET
 - Reconvene at a later Board Meeting in or around September for a Mid-Budget Review to implement any necessary changes and monitor performance on all line items
 - *FIRST RESERVE REPLENISHMENT IN 3+ YEARS!!!*





Questions?



Pauma Valley Community Services District
Fiscal Year 2026/27 Proposed Budget

	FY 25 Actuals 6/30/25	FY 25 Final Budget	FY 26 YTD 4/30/26	FY 26 Adopted Budget	FY 26 Amended Budget	FY 27 Proposed Draft Budget	\$ Budget to Amended Budget Variance
REVENUE							
Sewer Charges	\$ 547,163	\$ 565,198	\$ 539,190	\$ 597,500	\$ 673,490	\$ 790,620	117,130
Security Patrol Charges	637,931	636,053	591,936	672,100	719,866	830,840	110,974
Security Gate Charge	515,790	515,790	460,020	546,800	553,388	595,850	42,462
Property Tax	148,532	136,774	139,848	138,600	138,600	144,870	6,270
Interest	(20)	-	28	-	-	-	-
RPMWC Lease	30,000	30,000	37,500	24,000	34,544	18,000	(16,544)
Admin Services	1,987	-	1,460	-	-	-	-
Grant Revenue	-	-	43,006	-	-	38,000	38,000
Other Revenue	16,448	8,520	30,761	8,500	8,520	23,020	14,500
TOTAL REVENUE	1,897,831	1,892,335	1,843,750	1,987,500	2,128,408	2,441,200	312,792
EXPENSE							
Salaries and Benefits							
Salaries	843,796	787,000	824,235	924,700	956,600	1,179,200	222,600
Health Insurance	118,141	108,700	86,083	108,700	108,700	122,100	13,400
Payroll Taxes	70,778	63,168	64,166	70,700	81,400	85,900	4,500
PERS	(137,971)	69,100	85,752	96,200	111,000	136,500	25,500
Uniforms	1,669	2,650	779	2,500	2,500	2,500	-
Workers' Comp. Ins	23,766	23,220	21,291	25,500	25,500	26,500	1,000
Total Salaries & Benefits	920,179	1,053,838	1,082,307	1,228,300	1,285,700	1,552,700	267,000
Operations & Administrative Expenses							
Dwelling Live	9,948	8,900	8,592	10,500	10,500	21,100	10,600
Electricity	66,978	59,570	66,498	65,000	65,000	44,300	(20,700)
Liability Insurance	73,416	58,200	49,690	64,000	64,000	71,800	7,800
Miscellaneous	3,957	3,500	528	2,500	2,500	2,500	-
Telephones	10,158	15,200	6,521	10,000	10,000	6,900	(3,100)
Postage	4,530	4,900	4,227	4,900	4,900	4,900	-
Operator Contract Services	92,547	92,400	72,300	102,000	97,000	104,400	7,400
Oak Tree Repair & Maint.	12,596	5,000	-	5,000	5,000	15,000	10,000
Sewer line maintenance	23,241	35,000	48,964	30,000	50,000	63,500	13,500
Sludge Removal	11,760	54,600	11,760	20,000	15,000	15,000	-
SCADA Maintenance	475	-	133,330	1,000	1,000	8,000	7,000
Plant Repairs & Maintenance - Other	44,958	20,000	35,787	30,000	40,000	50,000	10,000
Building Repairs & Maintenance	18,606	20,000	12,962	15,000	16,000	26,000	10,000
Airpark maintenance	-	1,000	-	1,000	-	-	-
Gate Repairs & Maintenance	54,902	37,600	34,999	40,000	40,000	33,000	(7,000)
Repairs & Maintenance - Other	-	-	-	10,000	10,000	8,000	(2,000)
Office Supplies	33,665	27,100	27,561	20,000	30,000	31,500	1,500
Utility Shop Supplies	1,767	1,000	1,526	1,500	1,500	1,500	-
Security Supplies	4,096	1,280	3,670	1,300	5,000	5,000	-
Gate Supplies	4,930	2,300	6,181	5,000	5,000	5,000	-
Vehicles	18,775	16,400	16,466	20,000	20,000	52,900	32,900
Drainage	21,800	12,000	15,215	30,000	30,000	30,000	-
State Maint. Fee	32,150	31,000	32,150	33,000	32,200	34,000	1,800
Water Tests & Analysis	6,327	12,400	5,822	10,000	10,000	7,000	(3,000)
Fees	12,028	9,500	14,895	16,000	16,000	16,000	-
Engineering	21,889	30,000	8,548	15,000	15,000	30,000	15,000
Professional Services	38,146	44,500	78,630	56,000	56,000	49,500	(6,500)
Pre-employment Gates	156	300	117	300	300	300	-
Schools & Meetings	11,684	13,000	8,481	10,000	10,000	15,000	5,000
Strategic Plan	-	-	20,000	20,000	20,000	-	(20,000)
Audit	11,200	10,500	10,970	11,200	11,200	11,200	-
Accounting	50,838	54,000	34,607	50,000	50,000	70,000	20,000
Solar Loan Debt Service	-	-	-	-	-	15,000	15,000
Solar System Maintenance	-	-	-	-	-	1,000	1,000
Legal	47,568	57,000	23,025	40,000	40,000	35,000	(5,000)
Contingency	-	25,000	-	-	-	-	-

**Pauma Valley Community Services District
Fiscal Year 2026/27 Proposed Budget**

	FY 25 Actuals 6/30/25	FY 25 Final Budget	FY 26 YTD 4/30/26	FY 26 Adopted Budget	FY 26 Amended Budget	FY 27 Proposed Draft Budget	\$ Budget to Amended Budget Variance
Total Operations & Admin Expenses	702,911	763,152	799,960	750,200	783,100	884,300	101,200
TOTAL EXPENSE	1,623,090	1,816,990	1,882,267	1,978,500	2,068,800	2,437,000	368,200
NET REVENUE / (EXPENSE) BEFORE CAPITAL	\$ 274,741	\$ 75,344	\$ (38,517)	\$ 9,000	\$ 59,608	\$ 4,200	\$ (55,408)
Capital							
Capital Expense Reserves				-			-
Capital - Facilities	-	68,844		-	-	-	-
Capital - Equipment	-	6,500		41,600	41,600	-	(41,600)
Capital - Vehicle	-	-		-			-
							0
TOTAL EXPENSE FROM CAPITAL	-	75,344	-	41,600	41,600	-	(41,600)
NET REVENUE / (EXPENSE)	\$ 274,741	\$ 0	\$ (38,517)	\$ (32,600)	\$ 18,008	\$ 4,200	\$ (13,808)
Beginning Operating Cash				100,000	100,000	100,000	
Ending Operating Cash	\$ 274,741	\$ 75,344	\$ (38,517)	\$ 109,000	\$ 120,348	\$ 100,000	
Beginning Operating Reserves				200,000	200,000	75,000	
Ending Operating Reserves	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 77,100	
Beginning Capital Improvement Reserves				90,000		125,000	
Ending Capital Improvement Reserves			\$ 5,940	\$ 48,400	\$ (41,600)	\$ 127,100	
TOTAL ENDING RESERVES	\$ -	\$ 0	\$ (44,457)	\$ 248,400	\$ 141,600	\$ 204,200	\$ -

Pauma Valley Community Services District

Preliminary Budget Narrative – Fiscal Year 2026-2027

Introduction

The Fiscal Year 2026–2027 Proposed Budget reflects updated operating conditions, infrastructure maintenance needs, contractual obligations, and implementation of the District’s recently completed Cost of Service Analysis (COSA). The budget incorporates revised sewer, patrol, and gate service revenues adopted by the Board to better align revenues with operational costs and long-term financial sustainability goals.

The FY 2026–2027 budget continues the District’s focus on maintaining essential infrastructure, preserving service levels, planning for future operational and capital needs, and responsibly managing District resources while remaining responsive to regulatory and operational requirements.

Budget Summary

The FY 2026–2027 Proposed Budget projects total revenues of approximately \$2,441,200 and total expenditures of approximately \$2,437,000, resulting in a projected operating surplus of approximately \$4,200. The projected surplus is budgeted to be transferred to District reserves in support of long-term financial stability and reserve funding objectives.

The budget reflects implementation of updated rates following completion of the District’s Cost of Service Analysis and includes adjustments related to revised EDU counts, infrastructure maintenance needs, operational planning, solar project implementation, and anticipated future obligations.

Revenue

2. Sewer Charges: Sewer revenue is projected based on updated EDU counts and the adopted wastewater rate structure following completion of the Cost of Service Analysis. Revenue projections were adjusted following corrections to EDU counts identified after the COSA was completed, including a temporary EDU reduction for El Rey. The FY 2026–2027 proposed sewer revenue is approximately \$790,620.

3. Security Patrol Charges: Security patrol revenue is based on current service levels and updated monthly rate of \$169.59 per EDU. Projected annual patrol revenue of approximately \$830,840.

4. Security Gate: Gate service is calculated using current EDU count and updated monthly rate of \$132.41 per EDU. Projected annual gate revenue of approximately \$595,850.

5. Property Tax: Property tax revenue is budgeted based on historical trends and projected county distributions. Staff will continue evaluating allocation methodologies between operational funds to improve transparency and consistency with COSA reserve planning.

6. Interest: Not budgeted due to low cash balances.

7. RPMWC Lease: Lease revenue primarily consists of rental revenue received from Rancho Pauma Mutual Water Company (RPMWC). Lease revenue decreased due to revised negotiations and updated shared cost assumptions with RPMWC.

8. Admin Services: Includes minor revenues from mailbox key sales, notary services, and similar items. These items are not budgeted for as they are on an as-needed basis for residents.

9. Grant Revenue: Grant revenue is budgeted based on reimbursement amounts the District can reasonably anticipate receiving during FY 2026–2027. These reimbursements are expected to help offset eligible technology-related expenses, including IT support, cybersecurity-related costs, and SCADA maintenance or improvement expenses. The budget does not assume full reimbursement of all pending grant-related costs, but instead reflects amounts that can be prudently estimated based on currently available information.

10. Other Revenue: Other revenue primarily includes finance charges and RFID sales associated with the District’s gate access system.

Expense

Salaries and Benefits

This category includes compensation and benefits for all District personnel.

14. Salaries: The FY 2026-2027 salary budget exceeds the personnel cost estimates included in the District's Strategic Plan. The Strategic Plan estimates were intended for long-range planning purposes and did not fully account for several operational payroll components that are now included in the budget. The FY 2026-2027 budget incorporates projected overtime based on historical staffing needs and operational coverage requirements, shift differential pay, certification pay, recently approved compensation adjustments, and salary placeholder amounts for anticipated new hires. Including these costs in the budget provides a more comprehensive and realistic estimate of the District's expected personnel expenditures for the fiscal year.

15. Health Insurance: Includes medical, dental, and vision insurance benefits, with the District covering 80% of employee premium costs. This category also includes 100% District-paid life insurance coverage and Health Reimbursement Account (HRA) contributions provided to eligible employees.

16. Payroll Taxes: Employer-paid payroll taxes.

17. PERS: Employer-paid CalPERS retirement contributions.

18. Uniforms: Uniform allowances and reimbursements for Security and Utility Divisions.

19. Workers' Comp. Ins.: Workers’ compensation insurance costs are projected based on current rates and anticipated payroll exposure.

Operations & Administrative Expenses

Operating expenses reflect the cost of delivering services, maintaining infrastructure, and supporting administration:

22. Dwelling Live: The DwellingLive budget includes gate access management software, RFID access management, mobile application access, visitor tracking, incident reporting, and SMS notification services. The FY 2026–2027 budget reflects a contractual software increase effective October, RFID-related expenses previously budgeted under Gate Repairs and Maintenance, and monthly SMS service fees.

23. Electricity: Electricity costs are projected based on current usage trends and anticipated operational needs. “Electricity costs are projected based on current usage trends and anticipated operational needs. Following additional operational review and discussions regarding the District’s solar project implementation, the electricity budget was reduced to reflect conservative anticipated utility savings associated with solar operations.

24. Liability Insurance: Includes the cost to protect the district from claims related to others’ bodily injury, property damage, and more. Increase 10% in line with assumptions of trends.

- 25. Miscellaneous:** Various expenses that are small in nature.
- 26. Telephones:** Includes costs for telephone services for administrative office and Security Division. This budget decreases due to the last fiscal year budgeted for new phone service and the only cost is monthly payments.
- 27. Postage:** Includes an estimated annual expense amount related to mailing invoices and district-related correspondence.
- 28. Operator Contract Services:** This line item reflects contracted wastewater treatment plant operational services provided by Water Quality Specialists, including anticipated contractual rate increases.
- 29. Oak Tree Repair & Maintenance:** The budget increase reflects anticipated repairs related to discharge piping and preventative maintenance needs.
- 30. Sewer Line Maintenance:** Covers costs for maintaining the sewer lines to ensure proper functioning and prevent blockages. This includes expenses for regular semi-annual cleanings and targeted hot spot cleanings. The amount reflects the updates needed to the Sewer System Management Plan.
- 31. Sludge Removal:** Sludge removal expenses are budgeted conservatively to account for anticipated hauling and disposal needs during the fiscal year. The FY 2026–2027 Proposed Budget assumes a portion of the fiscal year will continue at the currently negotiated favorable pricing; however, if costs increase or operational needs change, staff will return to the Board with a proposed budget amendment as needed.
- 32. SCADA Maintenance:** With the SCADA project substantially complete, this line item now reflects anticipated ongoing maintenance, software support, and repair-related expenses. Sludge removal expenses are budgeted conservatively to account for potential cost increases and an estimated four sludge hauling events during the fiscal year. While the District was able to benefit from favorable negotiated pricing during the current fiscal year, continued reduced pricing is not assumed in the FY 2026–2027 Proposed Budget.
- 33. Plant Repairs & Maintenance- Other:** This budget category includes preventative and operational repairs related to treatment plant infrastructure, including Pump #1 repairs and potential activation work associated with the wastewater treatment plant dormant train and Water Quality Specialist recommendations.
- 34. Building Repairs & Maintenance:** Building maintenance expenses include routine facility maintenance, office camera system repairs, and administrative facility-related improvements.
- 35. Airpark Maintenance:** Allocation for maintenance of the pavement associated with the airpark area of PVCC, per the land lease agreement adopted by both parties in 2015.
- 36. Gate Repairs & Maintenance:** This line item includes preventative maintenance and operational repairs associated with the gate access system. RFID purchase expenses previously included in this category were transferred to the DwellingLive budget for improved tracking.
- 37. Repairs & Maintenance:** Includes routine/preventative repairs and maintenance of the gate access assets. Increase due to inflation of costs and anticipated projects to be completed
- 38. Office Supplies:** Includes the expenses for essential office supplies required the day-to-day operations of the organization. The estimate is based on historical usage data, expiring leases, projected needs, and changes to expense amounts with recent transitions.
- 39. Utility Shop Supplies:** Includes expenses related to necessary supplies for the utility worker operations.
- 40. Security Supplies:** Expenses related to necessary supplies, essential for the effective operation of our Security Patrol services.

- 41. Gate Supplies:** Expenses related to necessary supplies, essential for the effective operation of our Gate Access services and anticipated upgrades.
- 42. Vehicles:** Vehicle expenses include maintenance, fuel, and operational costs associated with District vehicles. The budget also includes assumptions related to replacement planning for utility and patrol vehicles, including potential lease obligations for two electric vehicles.
- 43. Drainage:** Reflects anticipated project work and preventive maintenance.
- 44. State Maint. Fee:** Includes expenses related to the State Water Resources Permit fees, a crucial component of regulatory compliance requirements for treatment plant operations.
- 45. Water Tests & Analysis:** Covers expenses for laboratory fees for necessary analysis determined by regulatory requirements, operational needs, and best practices for wastewater treatment.
- 46. Fees:** Includes various miscellaneous fees incurred by the District, including membership dues for the California Special Districts Association (CSDA). Estimates are based on membership dues schedules and any possible changes in rates.
- 47. Engineering:** Engineering expenses include support for operational planning, infrastructure evaluations, annexation-related planning activities, LAFCO-related expenses, and capital improvement consulting services.
- 48. Professional Services:** Professional Services includes Information Technology support and other specialized consulting services necessary to support District operations.
- 49. Pre-Employment:** Includes expenses related to pre-employment drug screening tests for new hires. Ensuring a drug-free workplace is critical for maintaining a safe and productive environment.
- 50. Schools & Meetings:** Covers expenses that are associated with providing educational opportunities, professional development for our staff to excel in their roles, and work-related lunch gatherings.
- 51. Strategic Plan:** The Strategic Plan project was completed during FY 2025–2026 and is therefore not included in the FY 2026–2027 Proposed Budget.
- 52. Audit:** Includes costs related to the annual financial audit.
- 53. Accounting:** Includes costs for contract accounting services. This budget covers fees for services such as advisory support provided by professional accounting firms, ensuring compliance with financial regulations, accurate reporting, and efficient financial management.
- 54. Solar Loan Debt Service:** A new budget line item was added for anticipated financing obligations related to the District’s solar project. The budget reflects estimated annual loan payments based on current project assumptions.
- 56. Legal:** Legal expenses include ongoing general counsel support, labor-related matters, operational legal services, and annexation-related legal review.

Reserves and Financial Planning

The District's recently completed Cost of Service Analysis identified recommended reserve targets for wastewater, patrol, and gate operations to support long-term financial stability, infrastructure replacement, and operational sustainability. The FY 2026–2027 Proposed Budget includes a planned contribution to District reserves through the allocation of the projected year-end operating surplus. While this contribution represents an initial step toward achieving the reserve targets identified in the Cost of Service Analysis, the District recognizes that additional reserve funding will be necessary over time to fully meet long-term funding objectives.

Staff and the Board will continue evaluating reserve funding opportunities as part of future budget development and ongoing financial planning efforts.

Additionally, several repair and maintenance expenditures included in the FY 2026–2027 Proposed Budget reflect infrastructure preservation, operational reliability, and asset management needs identified through the Cost of Service Analysis and related operational assessments. These investments are intended to help maintain service levels, extend the useful life of District assets, and reduce the risk of more significant future repair or replacement costs.

Conclusion

The FY 2026–2027 Proposed Budget reflects the District's continued commitment to maintaining reliable services, meeting operational and regulatory obligations, and responsibly managing District resources. The budget incorporates updated revenues based on the recently completed Cost of Service Analysis while addressing current operational needs, infrastructure maintenance, and anticipated future obligations.

While the budget does not currently include dedicated reserve funding contributions, the District will continue monitoring revenues, expenditures, and year-end financial performance throughout the fiscal year. Staff and the Board intend to revisit reserve funding opportunities and financial adjustments during the year-end review process based on actual operational results and available surplus funds.

PVCSD remains committed to long-term financial stability, infrastructure reliability, and maintaining quality service levels for the Pauma Valley community.

RESOLUTION NO. 141

**A RESOLUTION OF THE PAUMA VALLEY COMMUNITY SERVICES DISTRICT APPROVING
THE FISCAL YEAR 2026-2027 BUDGET**

WHEREAS, the Pauma Valley Community Services District (“District”) is a governmental agency duly organized and existing under the laws of the State of California;

WHEREAS, the District is authorized under Government Code §61000 et seq. to adopt an annual budget to ensure the provision of wastewater management, stormwater drainage, security services, and administrative operations;

WHEREAS, the General Manager, in collaboration with the Budget Review Ad-Hoc Committee, has developed a proposed budget for Fiscal Year 2026, which provides for anticipated revenues, operating expenditures, capital improvements, reserves, and other financial obligations of the District;

WHEREAS, the proposed Fiscal Year 2027 Budget has been presented to the Board of Directors in a public meeting on June 22, 2026, and public comment has been solicited consistent with applicable provisions of California law;

WHEREAS, the Board of Directors has reviewed the proposed budget and determined that it meets the financial, operational, and capital needs of the District;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Pauma Valley Community Services District, as follows:

1. The Fiscal Year 2027 Budget, as presented by the General Manager and incorporated herein by reference, is hereby approved and adopted.
2. The General Manager is authorized and directed to implement the Fiscal Year 2027 Budget as adopted and to take all necessary actions to carry out the expenditures and financial planning therein.
3. This resolution shall take effect immediately upon its adoption.

ADOPTED AND APPROVED this 22nd day of June 2026, by the Board of Directors of Pauma Valley Community Services District, Pauma Valley, California, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Fred Nelson, President

ATTEST:

Michael Esparza, Secretary



Group insurance benefits

Count on Principal for your employee benefits.

Presented to
PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Prepared by
BRIAN W TASTOR

Presented by
KING BENEFITS INSURANCE SOLUTIONS, INC.

Effective date
July 1, 2026

Solutions
Dental

Rates



Presented to: PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Effective date: July 1, 2026

Dental				
	Lives	Monthly rate	Estimated monthly cost	Estimated annual cost
Employee	12	\$33.59	\$403.08	\$4,836.96
Employee & spouse	1	\$71.52	\$71.52	\$858.24
Employee & child(ren)	0	\$97.29	\$0.00	\$0.00
Family	1	\$142.84	\$142.84	\$1,714.08
Total	14	N/A	\$617.44	\$7,409.28

Rate guarantee: this policy change does not impact your next renewal or rate guarantee period.

Rate includes:

- Orthodontia - child

Rating assumptions



Presented to: PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Effective date: July 1, 2026

<p>Rating assumptions These rates are based on the following:</p>
<p>California as the contract state. If you have employees located in other states, we may apply benefits based on those states' provisions, when applicable.</p>
<p>An effective date of July 1, 2026. Suggested premiums and benefits are provided for illustration purposes only. Acceptance of your group, the final premium rates and actual benefits cannot be offered to you until all necessary information about your group has been received and reviewed by home office underwriters of Principal Life and approved by an officer of Principal Life. Rates will be recalculated based on actual enrollment under the policy and are subject to change if the number of employees on the effective date varies by more than 15% from the sold proposal. Changes in assumptions, group demographics, policy design and policy effective date may also affect your rates. Final rates will apply for the period of time specified in the contract. Rates may increase on renewal in accordance with the terms of the policy. This proposal assumes the group has been in business for 12 months.</p>
<p>There are limitations, restrictions and exclusions in this policy. There are also certain restrictions involving payment of premium, termination, fraud, eligibility and participation. Final rates are dependent on entering into an insurance contract where all limitations, exclusions, and restrictions are taken into consideration.</p>
<p>Dental commissions are paid using a flat 10%.</p>

Dental point of service benefit design all members									
	Calendar year			Coinsurance (policy pays)			Calendar year		
	EPO	PPO	Non-network	EPO	PPO	Non-network	EPO	PPO	Non-network
Preventive	\$0	\$0	\$50	100%	100%	100%	\$1,500	\$1,500	\$1,500
Basic	\$50	\$50	\$50	80%	80%	80%	\$1,500	\$1,500	\$1,500
Major	\$50	\$50	\$50	50%	50%	50%	\$1,500	\$1,500	\$1,500
<p>Family deductible = 3 x per person deductible.</p> <p>Deductibles for basic and major EPO services and basic and major in-network services are combined.</p> <p>Deductibles for basic and major EPO services and basic and major non-network services are combined.</p> <p>Services applied to the in-network deductible will apply to the non-network deductible and vice versa.</p> <p>Combined maximums: calendar year maximums for preventive, basic and major in-network services are combined.</p> <p>Calendar year maximums for preventive, basic and major non-network services are combined.</p> <p>Services applied to the in-network maximum will apply to the non-network maximum and vice versa.</p> <p>We process claims using prevailing fees at the 90th percentile.</p> <p>The maximum accumulation plan was elected. This allows for a portion of unused dollars to roll over to next year's maximum benefit amount. To qualify, a member must have had a dental service performed within the calendar year and use less than a maximum threshold. The threshold is equal to the lesser of 50% of the maximum benefit or \$1000. If qualification is met, 50% of the threshold will be carried over to next year's maximum benefit. Individuals with fourth quarter effectives will start qualifying for rollover at the beginning of the next calendar year. A member can accumulate no more than four times the carry over amount. The entire accumulation amount will be forfeited if no dental service is submitted within a calendar year.</p>									
Additional benefit riders									
	Lifetime deductible			Coinsurance (policy pays)			Lifetime maximum		
	EPO	PPO	Non-network	EPO	PPO	Non-network	EPO	PPO	Non-network
Orthodontia Child	\$0	\$0	\$0	50%	50%	50%	\$1,000	\$1,000	\$1,000
<p>Minimum enrolled lives required for child orthodontia: 5</p> <p>Child orthodontia provides coverage for children up to age 19.</p> <p>Participation: 50% employee participation assumed</p>									
Covered services									
Preventive			<p>Exams (1 per 6 months)</p> <p>Second opinion consultation</p> <p>Cleanings (1 per 6 months)</p> <ul style="list-style-type: none"> Expectant mothers, diabetics, those with heart disease, or those who are menopausal receive one additional routine or periodontal cleaning. 						

	<p>X-rays</p> <ul style="list-style-type: none"> • Bitewing (1 per calendar year) • Occlusal (2 per calendar year) • Periapical (4 per calendar year) • Full mouth survey (1 per 60 months) • Extraoral (2 per 12 months) <p>Fluoride application (1 per calendar year); covered only for dependent children under age 14</p>
Basic	<p>Emergency exams (subject to exam frequency 1 per 6 months)</p> <p>Periodontal maintenance (if 3 months have elapsed after active surgical periodontal treatment; subject to routine cleaning frequency limit)</p> <ul style="list-style-type: none"> • Expectant mothers, diabetics, those with heart disease, or those who are menopausal receive one additional routine or periodontal cleaning. <p>Sealants on first and second permanent molars for dependent children under age 14 (1 per 36 months)</p> <p>Space maintainers (covered only for dependent children under age 14; repairs not covered)</p> <p>Harmful habit appliance (covered only for dependent children under age 14)</p> <p>Fillings</p> <p>Stainless steel crowns</p> <p>Simple oral surgery</p> <p>Complex oral surgery</p> <p>General anesthesia/IV sedation</p> <p>Periodontics (non-surgical), including scaling and root planing (1 per quad per 24 months)</p> <p>Periodontal surgical procedures (1 per quad per 36 months)</p> <p>Simple endodontics (root canal therapy for anterior teeth)</p> <p>Complex endodontics (root canal therapy for molar teeth)</p>
Major	<p>Crowns (1 per tooth per 120 months) if tooth cannot be restored by a filling</p> <p>Inlays, onlays, cast post and core, core buildup (1 per tooth per 120 months)</p> <p>Bridges - initial placement; replacement after 120 months</p> <p>Complete or partial dentures - initial placement; replacement after 60 months</p> <p>Repairs - partial denture, bridge, crown, relines, rebasing, tissue conditioning and adjustment to bridge/denture (within policy limitations)</p>
Orthodontia	<p>X-rays and other diagnostic procedures</p> <p>Fixed and removable appliances</p> <p>Lifetime maximum</p>

Highlights	
Coordination of benefits	As allowed by state law, we coordinate benefits with coverage provided by any other employer, trust, union, association, or educational institution - other than student accident policies, governmental program or state law. Total benefits from all sources cannot exceed 100% of covered charges.
Eligibility	<p>Employee: Eligible employees include all active, full-time employees living in the United States (except part-time, seasonal, temporary or contract employees) who work at least 30 hours per week. Employees must be enrolled with coverage before it can be offered to their dependents.</p> <p>Dependent: Eligible dependents include the employee's spouse and children. Additional eligibility requirements may apply.</p>
Waiting periods	None
Prior dental coverage	This proposal assumes the group had prior dental coverage for preventive/basic/major/ortho services.
Open enrollment period	Any employee or dependent that didn't enroll within 31 days of being eligible can only enroll during the open enrollment period.
Limitations	<p>The proposed policy contains restrictions and limitations. Before making a purchase decision, review the following limitations and resolve any questions. The following limitations and restrictions are applied as required by state law or as otherwise described in the group policy.</p> <p>The insurance does not pay for treatment or services above: unless specifically mentioned above, veneers, anterior $\frac{3}{4}$ cast crowns, personalization or cosmetic reasons / performed by an immediate family member / performed by any person who is not a dentist, dental hygienist, or other authorized provider / that do not meet professionally recognized standards of quality / that are not for a covered charge / that exceed prevailing fee charges / unless specifically mentioned above, implants / to alter or maintain vertical dimension or restore or maintain occlusion / that are temporary / for provisional and permanent splinting / for a work related sickness or injury / paid for by U.S. government or its agencies (except Medicaid or as required under state or federal law) / resulting from participation in certain criminal activities / resulting from war or an act of war / for which there would be no cost in the absence of insurance / for duplicating or replacing lost or stolen appliances or prosthetic devices / for replacing tooth structure lost from abrasion or attrition / not expected to correct your dental condition for more than 3 years / for services performed outside a dental office / for patient management / unless specifically mentioned above, occlusal guards / that are an experimental or investigational measure / paid for by a Medicare Supplement Insurance Plan. The insurance also does not cover: drugs or medicines other than antibiotic injections when not billed as part of a listed covered charge / instructions for plaque control, oral hygiene, diet control or nutritional counseling when billed as a separate treatment or service from examinations / bite registration or occlusal analysis orthodontic treatment, service, appliance or bands provided prior to Ortho Procedures effective date / temporomandibular joint (TMJ) disorders.</p>

Stay informed about your dental health: <https://www.principal.com/find-dentist>.

Discounts and services



Presented to: PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Effective date: July 1, 2026

Discounts and services	
Laser vision correction	Employees, their spouses and dependent children save \$800 with featured providers Lasik Plus , TLC Laser Eye Centers or The LASIK Vision Institute or receive 15% off standard pricing or 5% off promotional pricing on LASIK through the National Lasik Network's administered by LCA Vision.
Hearing aid program	Through Start Hearing, employees and their families are eligible for up to 48% off hearing aids.
Emotional health support line	Employees, their spouses and dependent children have free access to licensed behavioral health clinicians who can provide emotional support, tips for health coping and referrals to local resources.
Vision care	Employees, their spouses and dependent children can get discounts on eye exams, prescription glasses and lens options, contact lens evaluations and fittings, as well as LASIK surgery through a nationwide network of VSP providers.
Teeth whitening	Employees, their spouses and dependent children can save 20% on a dentist-invented teeth whitening technology from GLO Science. Available for home use, it's fast and sensitivity free.
Oral care products	Help your smile be as healthy as possible. Buy one and get one free-choose from the Z Dental sonic pulse toothbrush or the Z Dental water flosser.
<p>These discounts are not insurance.</p> <p>The discounts and services listed here are available to members, and/or their dependents or beneficiaries, with group coverage underwritten by or with administrative services provided by Principal Life Insurance Company. The discounts and services are not a part of the policy or contract and may be changed or discontinued at any time. Although Principal has arranged to make these programs available to you, the third party providers are solely responsible for their products and services.</p> <p>⁴The articles and resources on Employers Dental Health Edge are made available for the sole purpose of general education on dental health related matters. This information is not intended as medical advice. For answers to your own health concerns, contact your dentist or other health care provider. Employers Dental Services (EDS) does not provide dental or medical advice. EDS is a member of the Principal Financial Group^o.</p>	

Services & general provisions



Presented to: PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Effective date: July 1, 2026

Our services	
Online benefit administration	eService offers free administration and management of all group insurance for employers and employees. Employers can add or remove employees, view and update employee information, pay premiums and more. Employees can view statuses of claims, confirm covered dependents and more.
Claim services	At Principal Life, we know filing a claim is a defining moment for clients. That's why we strive to make the claims process quick and easy for our customers.

General provisions	
Renewing your coverage	Your insurance runs annually or based on your rate guarantee period, but no less than annually, unless the policy terminates before that date. While the insurance is in force and subject to its termination provisions, you may renew at the applicable premium rates in effect on your anniversary.
Termination and renewability of your coverage	The insurance is renewable at your option. Principal Life has the right to nonrenew or terminate the insurance if: you fail to pay premium / fraud or misrepresentation occurs / your company relocates to a state where Principal Life does not offer group coverage(s) provided by your policy / your company no longer meets the participation or contribution rules / you no longer qualify as an eligible business or group / we give you advance notice of termination as required by your state.
Policy changes	Principal Life has the right to modify coverage under the group policy at any time to meet legal requirements or to ensure consistent application of policy provisions. In addition, you may request coverage changes, subject to approval by Principal Life.
Federal and state laws	Various federal and state laws may affect the rights of insureds to continue coverage. The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the Family Medical Leave Act (FMLA) and the Uniform Services Employment and Reemployment Rights Act of 1994 (USERRA) are examples. As an employer, you are responsible for meeting the obligations imposed by any federal and state continuation laws. However, we design and administer our policies to comply.

This proposal is a general description. It is not a policy and does not modify or change the provisions of any policy or rider. If there is a discrepancy, the policy is the final arbiter of the coverage. Policy definitions and provisions may vary by state, read your policy carefully for the exact definitions and provisions. Policy limitations and exclusions apply. Benefits are limited when living outside the United States. Insurance issued by Principal Life Insurance Company, a member of the Principal Financial Group®, Des Moines, IA 50392.

Principal®, Principal Financial Group®, and Principal and the logomark design are registered trademarks of Principal Financial Services, Inc., a Principal Financial Group company, in the United States and are trademarks and service marks of Principal Financial Services, Inc., in various countries around the world.

Amendment information



Presented to: PAUMA VALLEY COMMUNITY SERVICES DISTRICT
Effective date: July 1, 2026

Existing group amendment information

Principal Life Insurance Company is pleased to team up with you to develop flexible benefit solutions that fit your employees' needs and your budget. With our customer-first approach, we're committed to offering you comprehensive benefits at an affordable price.

We're pleased to present you with this proposal, generated from your existing Principal Life account. The proposal contains additional benefit options you may wish to consider. If this proposal reflects a revision of existing products, the changes indicated on this proposal will be made to the products selected. Other features and provisions would stay the same. The sign-off below will approve the revisions for processing.

If this proposal adds a coverage to your account, [please include a signed application](#) with this proposal.

If non-benefit changes such as updates to eligibility, waiting periods and/or name or contact information are requested, please document in the space below.

- _____
- _____
- _____

Sign below for authorization of request(s):

Officer Signature Date

Producer Signature Date

Please note: The final approval of this proposal and any accompanying non-benefit changes are subject to Principal Life underwriting guidelines and federal or state regulations.

Compensation information



Presented to: PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Effective date: July 1, 2026

Disclosure of compensation information

As a result of this sale, I (or my firm) may receive compensation (cash or otherwise) that is based in part on factors such as total deposits, assets or premium volume and persistency or profitability of the business I sell. The cost of this compensation may be directly or indirectly reflected in the premium or fee for this product. I may receive this compensation from the insurer and/or entities through which I place business.

Please contact me if you have any questions about this compensation.

Note: Customer's signature is required only when the producer is also receiving compensation directly from the customer. A copy of the signed document should be given to the customer. The broker should keep the original in the client file.

I acknowledge paying compensation directly to the producer and receipt of the above information before purchasing the contract under consideration.

Customer signature

Date

cc: Client File



Group insurance benefits

Count on Principal for your employee benefits.

Presented to
PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Prepared by
BRIAN W TASTOR

Presented by
KING BENEFITS INSURANCE SOLUTIONS, INC.

Effective date
July 1, 2026

Solutions
Vision

Rates



Presented to: PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Effective date: July 1, 2026

Vision				
	Lives	Monthly rate	Estimated monthly cost	Estimated annual cost
Employee	10	\$5.74	\$57.40	\$688.80
Employee & spouse	1	\$12.70	\$12.70	\$152.40
Employee & child(ren)	2	\$13.71	\$27.42	\$329.04
Family	1	\$22.27	\$22.27	\$267.24
Total	14	N/A	\$119.79	\$1,437.48

Rate guarantee: one year

Rating assumptions



Presented to: PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Effective date: July 1, 2026

<p>Rating assumptions These rates are based on the following:</p>
<p>California as the contract state. If you have employees located in other states, we may apply benefits based on those states' provisions, when applicable.</p>
<p>An effective date of July 1, 2026. Suggested premiums and benefits are provided for illustration purposes only. Acceptance of your group, the final premium rates and actual benefits cannot be offered to you until all necessary information about your group has been received and reviewed by home office underwriters of Principal Life and approved by an officer of Principal Life. Rates will be recalculated based on actual enrollment under the policy and are subject to change if the number of employees on the effective date varies by more than 15% from the sold proposal. Changes in assumptions, group demographics, policy design and policy effective date may also affect your rates. Final rates will apply for the period of time specified in the contract. Rates may increase on renewal in accordance with the terms of the policy. This proposal assumes the group has been in business for 12 months.</p>
<p>There are limitations, restrictions and exclusions in this policy. There are also certain restrictions involving payment of premium, termination, fraud, eligibility and participation. Final rates are dependent on entering into an insurance contract where all limitations, exclusions, and restrictions are taken into consideration.</p>
<p>Vision commissions are paid using a flat 10%.</p>

Presented to: PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Effective date: July 1, 2026

Vision for all members		
VSP choice network		
Covered charges	Benefit	Frequency
Exams	\$10 copay	1 per 12 months
Prescription glasses	\$25 copay	1 pair per 12 months
Lenses	Single vision, lined bifocal, lined trifocal, and lenticular lenses; polycarbonate lenses for dependent children under age 18	
Frames*	\$130 allowance for a wide selection of frames; 20% off amount over allowance ¹	
Elective contacts	Up to \$60 copay for standard and premium elective contact lens exams (fitting and evaluation)	1 per 12 months
	\$130 allowance for elective contacts	Instead of lens and frames benefit
Necessary contacts ²	\$25 copay	1 per 12 months
	Covered in full for members who have specific conditions. Contact lenses can be chosen instead of glasses.	Instead of lens and frames benefit
Lens enhancements ¹	\$0 copay standard progressive lenses Most other popular options are covered after a copay, saving members an average of 30%. Members should see their doctor for special pricing on additional lens enhancements.	1 per 12 months
LightCare enhancement in network	The member may choose non-prescription ready-made sunglasses or blue light filtering glasses instead of the Rx glasses or contacts. After the material copay they will be covered up to \$130, 1 set per 24 months. The frame allowance may be lower at retail chains and will not be available at all locations.	
Additional savings	Savings on laser vision correction and additional pairs of prescription glasses and non-prescription sunglasses.	

Non-network providers		
Covered charges	Benefit ³	Frequency
Vision exams	Up to \$45	1 per 12 months
Single vision lenses	Up to \$30	1 pair per 12 months
Lined bifocal lenses	Up to \$50	1 pair per 12 months
Lined trifocal lenses	Up to \$65	1 pair per 12 months
Lenticular lenses	Up to \$100	1 pair per 12 months
Frames	Up to \$70	1 set per 24 months
Elective contacts	Up to \$105	1 per 12 months Instead of lens and frame benefits
Necessary contacts ²	Up to \$210	1 per 12 months Instead of lens and frame benefits
LightCare enhancement	The member may choose non-prescription ready-made sunglasses or blue light filtering glasses instead of the Rx glasses or contacts. They will be covered up to \$70, 1 set per 24 months.	

¹ Based on applicable laws; benefit may vary by doctor location. Savings may not apply at participating retail chains.

² Prescribed to correct extreme visual problems that cannot be corrected with regular lenses.

³ The benefit amount is the lesser of the maximum payment limit or billed amount minus the applicable copay.

*VSP has agreements established with some participating retail chain providers that may also provide benefits for this covered service. Up to a \$70 allowance is given for a wide selection of frames from Costco or Walmart/Sam's Club. Not all providers at participating retail chains are in-network for exam services. Please talk to your provider or contact VSP customer care for further details.

Highlights	
Participation	50% employee participation assumed
Eligibility	<p>Employee: Eligible Employees include all active, full-time employees living in the United States (except part-time, seasonal, temporary or contract employees) who work at least 30 hours per week. Employees must be enrolled with coverage before it can be offered to their dependents.</p> <p>Dependent: Eligible dependents include the employee's spouse and children. Additional eligibility requirements may apply.</p>
Open enrollment period	Any employee or dependent that didn't enroll within 31 days of being eligible can only enroll during the open enrollment period.
Coordination of benefits	Benefits from two or more carriers are limited up to 100% of the claimant's covered expenses.

Presented to: PAUMA VALLEY COMMUNITY SERVICES DISTRICT
Effective date: July 1, 2026

Limitations	<p>The proposed policy contains restrictions and limitations. Before making a purchase decision, review the following limitations and resolve any questions. The following limitations and restrictions are applied as required by state law or as otherwise described in the group policy.</p> <p>No benefits will be paid for: visual analysis or vision aids that are not medically necessary / services and/or materials not specifically included in the benefit schedule / plano lenses / two pairs of glasses instead of bifocals / replacement of lenses, frames and/or contact lenses furnished under this plan which are lost or damaged / orthoptics, vision training or supplemental testing / medical or surgical treatment of the eyes / contact lens insurance policies or service agreements / refitting of contact lenses after the initial fitting period / contact lens modification, polishing or cleaning, local state and/or federal taxes, except where required by law. Benefits will not be paid for any vision care expense for: which proof is submitted by a person who is part of the member's or dependent's immediate family / vision aids provided outside the United States.</p>
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VSP is not a member of the Principal Financial Group.



Discounts and services



Presented to: PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Effective date: July 1, 2026

Discounts and services	
Laser vision correction	Employees, their spouses and dependent children save \$800 with featured providers Lasik Plus , TLC Laser Eye Centers or The LASIK Vision Institute or receive 15% off standard pricing or 5% off promotional pricing on LASIK through the National Lasik Network's administered by LCA Vision.
Hearing aid program	Through Start Hearing, employees and their families are eligible for up to 48% off hearing aids.
Emotional health support line	Employees, their spouses and dependent children have free access to licensed behavioral health clinicians who can provide emotional support, tips for health coping and referrals to local resources.

These discounts are not insurance.

The discounts and services listed here are available to members, and/or their dependents or beneficiaries, with group coverage underwritten by or with administrative services provided by Principal Life Insurance Company. The discounts and services are not a part of the policy or contract and may be changed or discontinued at any time. Although Principal has arranged to make these programs available to you, the third party providers are solely responsible for their products and services.

Services & general provisions



Presented to: PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Effective date: July 1, 2026

Our services	
Online benefit administration	eService offers free administration and management of all group insurance for employers and employees. Employers can add or remove employees, view and update employee information, pay premiums and more. Employees can view statuses of claims, confirm covered dependents and more.

General provisions	
Renewing your coverage	Your insurance runs annually or based on your rate guarantee period, but no less than annually, unless the policy terminates before that date. While the insurance is in force and subject to its termination provisions, you may renew at the applicable premium rates in effect on your anniversary.
Termination and renewability of your coverage	The insurance is renewable at your option. Principal Life has the right to nonrenew or terminate the insurance if: you fail to pay premium / fraud or misrepresentation occurs / your company relocates to a state where Principal Life does not offer group coverage(s) provided by your policy / your company no longer meets the participation or contribution rules / you no longer qualify as an eligible business or group / we give you advance notice of termination as required by your state.
Policy changes	Principal Life has the right to modify coverage under the group policy at any time to meet legal requirements or to ensure consistent application of policy provisions. In addition, you may request coverage changes, subject to approval by Principal Life.
Federal and state laws	Various federal and state laws may affect the rights of insureds to continue coverage. The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the Family Medical Leave Act (FMLA) and the Uniform Services Employment and Reemployment Rights Act of 1994 (USERRA) are examples. As an employer, you are responsible for meeting the obligations imposed by any federal and state continuation laws. However, we design and administer our policies to comply.

This proposal is a general description. It is not a policy and does not modify or change the provisions of any policy or rider. If there is a discrepancy, the policy is the final arbiter of the coverage. Policy definitions and provisions may vary by state, read your policy carefully for the exact definitions and provisions. Policy limitations and exclusions apply. Benefits are limited when living outside the United States. Insurance issued by Principal Life Insurance Company, a member of the Principal Financial Group®, Des Moines, IA 50392.

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Compensation information



Presented to: PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Effective date: July 1, 2026

Disclosure of compensation information

As a result of this sale, I (or my firm) may receive compensation (cash or otherwise) that is based in part on factors such as total deposits, assets or premium volume and persistency or profitability of the business I sell. The cost of this compensation may be directly or indirectly reflected in the premium or fee for this product. I may receive this compensation from the insurer and/or entities through which I place business.

Please contact me if you have any questions about this compensation.

Note: Customer's signature is required only when the producer is also receiving compensation directly from the customer. A copy of the signed document should be given to the customer. The broker should keep the original in the client file.

I acknowledge paying compensation directly to the producer and receipt of the above information before purchasing the contract under consideration.

Customer signature

Date

cc: Client File



Kingbenefits Insurance Solutions INC
5120 Avenida Encinas Ste
Carlsbad,CA 92008-4384

Benefit proposal requested for:
Pauma Valley Community SE
Pauma Valley,CA 92061

Sales Office:

Humanadental/Orange County
1 Park Plaza Ste 430
Irvine,CA 92614-8512
949-428-5080 / 800-818-3102
949-428-5090 Fax

Sales Agent:

Kingbenefits Insurance Solutions INC
760-438-8850
760-933-5303 Fax

General Agency:

Centro Benefits Research LLC
314-369-8279

Underwriting Messages

- 1) Based on information received, quoted as Single Site.
- 2) The requested effective date is not currently available; the latest available effective date has been provided.
- 3) Unable to quote Life as requested. Quoted maximum allowable Life amount.
- 4) In order to be eligible for Voluntary Life, there must be 5 enrolled lives or 25% of eligible lives, whichever is greater.
- 5) Dental for 2-99 case size groups includes a 2-year rate guarantee with no pricing adjustment.
- 6) Coverage is only available to those employees living and working in the United States.



Benefit proposal requested for:
Pauma Valley Community SE
Pauma Valley, CA 92061

Sales Messages

Award-winning service, flexible plans and nationwide networks

For over 50 years, companies of all sizes have trusted our expertise in offering highly valued benefits to their employees that protect overall and financial well-being.

Easy and stress-free plan administration

- **Fast implementation** with quick turnaround for 2-299 groups
- Plans seamlessly work together with **one bill and one company to work with**

Flexible & budget-friendly plans

- Multi-year rate guarantees
- **Enhanced dental care with up to three preventive and four periodontal** maintenance cleanings
- Unlimited and **exclusive extended annual dental maximums**
- Average vision savings of **80% off retail prices**
- **\$25k annual increase option** on Voluntary Life policies with no qualifying health questions

Large national networks

- One of the top dental networks with over **135,000 unique dentists nationwide**
- **175,000+ vision access points** including independent, retail and online options

For California dental plans: Once a dental plan has been purchased, Summary of Dental Benefits and Coverage (SDBC) are available at www.humana.com/employer/sdbc.

For Pennsylvania brokers: Please confirm your DHMO appointment status with Dominion National prior to releasing this quote to your group clients.

Dental Summary

Proposal for: **Pauma Valley Community SE**

Quote #: **864947401-003**

Agent/agency: Kingbenefits Insurance Solutions INC

State/county: CA - San Diego
 SIC: 4952 - Sewerage Systems
 Location type: Single Site

Effective: **9/1/2026**

Prepared: 5/7/2026

View detailed proposals for options included in premium.

Ref #	Dental plan	Coins % (in)	Coins % (out)	Perio & end	Deductible single	Annual maximum	Ortho	Association	Employee (4)	Employee/spouse (1)	Employee/child (0)	Family (1)	Total monthly premium (6)	Savings from highest cost plan	Locations
Traditional Preferred															
1	CA TRP O1K U&C +	100/80/50	100/80/50	See Pln Summary	\$50/\$50	2000	1K Child Only	N/A	\$42.89	\$85.77	\$115.61	\$159.75	\$417.08	3%	ALL
2	CA TRP O1K U&C +	100/80/50	100/80/50	See Pln Summary	\$50/\$50	1500	1K Child Only	N/A	\$40.21	\$80.42	\$108.79	\$150.25	\$391.51	9%	ALL
3	CA TRP O1K INFS +	100/80/50	100/80/50	See Pln Summary	\$50/\$50	2000	1K Child Only	N/A	\$30.81	\$61.63	\$84.83	\$116.89	\$301.76	30%	ALL
4	CA TRP O1K INFS +	100/80/50	100/80/50	See Pln Summary	\$50/\$50	1500	1K Child Only	N/A	\$29.23	\$58.45	\$80.78	\$111.26	\$286.63	33%	ALL
PPO															
5	CA PPO O1K U&C +	100/90/60	100/80/50	See Pln Summary	\$50/\$50	2000	1K Child Only	N/A	\$44.14	\$88.29	\$118.82	\$164.21	\$429.06		ALL
6	CA PPO O1K U&C +	100/90/60	100/80/50	See Pln Summary	\$50/\$50	1500	1K Child Only	N/A	\$41.05	\$82.09	\$110.92	\$153.22	\$399.51	7%	ALL
7	CA PPO O1K INFS +	100/90/60	100/80/50	See Pln Summary	\$50/\$50	2000	1K Child Only	N/A	\$34.41	\$68.82	\$93.99	\$129.65	\$336.11	22%	ALL
8	CA PPO O1K INFS +	100/90/60	100/80/50	See Pln Summary	\$50/\$50	1500	1K Child Only	N/A	\$32.27	\$64.54	\$88.54	\$122.07	\$315.69	26%	ALL

Vision Summary

Proposal for: **Pauma Valley Community SE**

Quote #: **864947401-003**

Agent/agency: Kingbenefits Insurance Solutions INC

State/county: CA - San Diego
 SIC: 4952 - Sewerage Systems
 Location type: Single Site

Effective: **9/1/2026**

Prepared: 5/7/2026

View detailed proposal for available options.

Ref #	Vision plan	Exam Copay (in)	Materials Copay (in)	Retail Frame Allowance (in)	Contact Lens Allowance (in)	Association	Employee (4)	Employee/ spouse (1)	Employee/ child (2)	Family (1)	Total monthly premium (8)	Savings from highest cost plan	Locations
	Humana Vision												
1	CA Humana Vision PLUS 150x	\$10	\$25	\$150	\$150	N/A	\$5.32	\$10.63	\$10.10	\$15.87	\$67.98		ALL
2	CA Humana Vision PLUS 130x	\$10	\$25	\$130	\$130	N/A	\$4.42	\$8.84	\$8.39	\$13.19	\$56.49	17%	ALL

Dental Proposal

Proposal for: Pauma Valley Community SE
 State/county: CA - San Diego
 SIC: 4952 - Sewerage Systems
 Location type: Single Site

Quote #: 864947401-003
Reference #: 1
Effective: 9/1/2026

Agent/agency: Kingbenefits Insurance Solutions INC
 Prepared: 5/7/2026

Dental Plan: CA TRP O1K U&C +

Coinsurance % (in): 100/80/50
Coinsurance % (out): 100/80/50
Perio & endo: See Pln Summary
Deductible single (in/out): 50/50
Annual maximum: \$2,000
Association: N/A
Open Enrollment: Yes

Count	Coverage type	Rate	Total
4	Employee	\$42.89	\$171.56
1	Employee/spouse	\$85.77	\$85.77
0	Employee/child	\$115.61	
1	Family	\$159.75	\$159.75
6	Total monthly premium:		\$417.08

Options included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Endodontics IN Basic	\$1.41	\$2.80	\$3.57	\$4.98	\$13.42
Periodontics IN Basic	\$1.41	\$2.80	\$3.57	\$4.98	\$13.42
\$1000 Child Ortho			\$6.25	\$7.50	\$7.50

Options not included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Voluntary	\$4.01	\$8.01	\$10.21	\$14.21	\$38.26
Implants 5+	\$3.61	\$7.21	\$9.19	\$12.79	\$34.44
Composite Filling	\$1.41	\$2.80	\$3.57	\$4.98	\$13.42
\$1000 Adult/Child Ortho	\$0.50	\$1.00	\$6.75	\$8.75	\$11.75
Waive Prev Annual Max	\$0.81	\$1.60	\$2.04	\$2.85	\$7.69

Dental Proposal

Proposal for: Pauma Valley Community SE
 State/county: CA - San Diego
 SIC: 4952 - Sewerage Systems
 Location type: Single Site

Quote #: 864947401-003
Reference #: 2
Effective: 9/1/2026

Agent/agency: Kingbenefits Insurance Solutions INC
 Prepared: 5/7/2026

Dental Plan: CA TRP O1K U&C +

Coinsurance % (in): 100/80/50
Coinsurance % (out): 100/80/50
Perio & endo: See Pln Summary
Deductible single (in/out): 50/50
Annual maximum: \$1,500
Association: N/A
Open Enrollment: Yes

Count	Coverage type	Rate	Total
4	Employee	\$40.21	\$160.84
1	Employee/spouse	\$80.42	\$80.42
0	Employee/child	\$108.79	
1	Family	\$150.25	\$150.25
6	Total monthly premium:		\$391.51

Options included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Endodontics IN Basic	\$1.31	\$2.62	\$3.35	\$4.67	\$12.53
Periodontics IN Basic	\$1.31	\$2.62	\$3.35	\$4.67	\$12.53
\$1000 Child Ortho			\$6.25	\$7.50	\$7.50

Options not included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Voluntary	\$3.75	\$7.50	\$9.58	\$13.33	\$35.83
Implants 5+	\$3.38	\$6.75	\$8.62	\$11.99	\$32.26
Composite Filling	\$1.31	\$2.62	\$3.35	\$4.67	\$12.53
\$1000 Adult/Child Ortho	\$0.50	\$1.00	\$6.75	\$8.75	\$11.75
Waive Prev Annual Max	\$0.75	\$1.50	\$1.92	\$2.67	\$7.17

Dental Proposal

Proposal for: Pauma Valley Community SE
 State/county: CA - San Diego
 SIC: 4952 - Sewerage Systems
 Location type: Single Site

Quote #: 864947401-003
Reference #: 3
Effective: 9/1/2026

Agent/agency: Kingbenefits Insurance Solutions INC
 Prepared: 5/7/2026

Dental Plan: CA TRP O1K INFS +

Coinsurance % (in): 100/80/50
Coinsurance % (out): 100/80/50
Perio & endo: See Pln Summary
Deductible single (in/out): 50/50
Annual maximum: \$2,000
Association: N/A
Open Enrollment: Yes

Count	Coverage type	Rate	Total
4	Employee	\$30.81	\$123.24
1	Employee/spouse	\$61.63	\$61.63
0	Employee/child	\$84.83	
1	Family	\$116.89	\$116.89
6	Total monthly premium:		\$301.76

Options included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Endodontics IN Basic	\$1.00	\$2.01	\$2.57	\$3.57	\$9.58
Periodontics IN Basic	\$1.00	\$2.01	\$2.57	\$3.57	\$9.58
\$1000 Child Ortho			\$6.25	\$7.50	\$7.50

Options not included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Voluntary	\$2.87	\$5.75	\$7.34	\$10.21	\$27.44
Implants 5+	\$2.58	\$5.18	\$6.60	\$9.19	\$24.69
\$1000 Adult/Child Ortho	\$0.50	\$1.00	\$6.75	\$8.75	\$11.75
Composite Filling	\$1.00	\$2.01	\$2.57	\$3.57	\$9.58
Waive Prev Annual Max	\$0.57	\$1.15	\$1.47	\$2.04	\$5.47

Dental Proposal

Proposal for: Pauma Valley Community SE
 State/county: CA - San Diego
 SIC: 4952 - Sewerage Systems
 Location type: Single Site

Quote #: 864947401-003
Reference #: 4
Effective: 9/1/2026

Agent/agency: Kingbenefits Insurance Solutions INC
 Prepared: 5/7/2026

Dental Plan: CA TRP O1K INFS +

Coinsurance % (in): 100/80/50
Coinsurance % (out): 100/80/50
Perio & endo: See Pln Summary
Deductible single (in/out): 50/50
Annual maximum: \$1,500
Association: N/A
Open Enrollment: Yes

Count	Coverage type	Rate	Total
4	Employee	\$29.23	\$116.92
1	Employee/spouse	\$58.45	\$58.45
0	Employee/child	\$80.78	
1	Family	\$111.26	\$111.26
6	Total monthly premium:		\$286.63

Options included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Endodontics IN Basic	\$0.96	\$1.91	\$2.44	\$3.39	\$9.14
Periodontics IN Basic	\$0.96	\$1.91	\$2.44	\$3.39	\$9.14
\$1000 Child Ortho			\$6.25	\$7.50	\$7.50

Options not included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Voluntary	\$2.73	\$5.45	\$6.96	\$9.68	\$26.05
Implants 5+	\$2.46	\$4.91	\$6.27	\$8.72	\$23.47
\$1000 Adult/Child Ortho	\$0.50	\$1.00	\$6.75	\$8.75	\$11.75
Composite Filling	\$0.96	\$1.91	\$2.44	\$3.39	\$9.14
Waive Prev Annual Max	\$0.55	\$1.09	\$1.40	\$1.94	\$5.23

Dental Proposal

Proposal for: Pauma Valley Community SE
 State/county: CA - San Diego
 SIC: 4952 - Sewerage Systems
 Location type: Single Site

Quote #: 864947401-003
Reference #: 5
Effective: 9/1/2026

Agent/agency: Kingbenefits Insurance Solutions INC
 Prepared: 5/7/2026

Dental Plan: CA PPO O1K U&C +

Coinsurance % (in): 100/90/60
Coinsurance % (out): 100/80/50
Perio & endo: See Pln Summary
Deductible single (in/out): 50/50
Annual maximum: \$2,000
Association: N/A
Open Enrollment: Yes

Count	Coverage type	Rate	Total
4	Employee	\$44.14	\$176.56
1	Employee/spouse	\$88.29	\$88.29
0	Employee/child	\$118.82	
1	Family	\$164.21	\$164.21
6	Total monthly premium:		\$429.06

Options included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Endodontics IN Basic	\$1.25	\$2.50	\$3.19	\$4.44	\$11.94
Periodontics IN Basic	\$1.25	\$2.50	\$3.19	\$4.44	\$11.94
\$1000 Child Ortho			\$6.25	\$7.50	\$7.50

Options not included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Voluntary	\$4.16	\$8.32	\$10.62	\$14.78	\$39.74
Implants 5+	\$3.74	\$7.49	\$9.55	\$13.30	\$35.75
Composite Filling	\$1.46	\$2.91	\$3.72	\$5.17	\$13.92
\$1000 Adult/Child Ortho	\$0.50	\$1.00	\$6.75	\$8.75	\$11.75
Waive Prev Annual Max	\$0.83	\$1.66	\$2.13	\$2.96	\$7.94

Dental Proposal

Proposal for: Pauma Valley Community SE
 State/county: CA - San Diego
 SIC: 4952 - Sewerage Systems
 Location type: Single Site

Quote #: 864947401-003
Reference #: 6
Effective: 9/1/2026

Agent/agency: Kingbenefits Insurance Solutions INC
 Prepared: 5/7/2026

Dental Plan: CA PPO O1K U&C +

Coinsurance % (in): 100/90/60
Coinsurance % (out): 100/80/50
Perio & endo: See Pln Summary
Deductible single (in/out): 50/50
Annual maximum: \$1,500
Association: N/A
Open Enrollment: Yes

Count	Coverage type	Rate	Total
4	Employee	\$41.05	\$164.20
1	Employee/spouse	\$82.09	\$82.09
0	Employee/child	\$110.92	
1	Family	\$153.22	\$153.22
6	Total monthly premium:		\$399.51

Options included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Endodontics IN Basic	\$1.16	\$2.32	\$2.96	\$4.12	\$11.08
Periodontics IN Basic	\$1.16	\$2.32	\$2.96	\$4.12	\$11.08
\$1000 Child Ortho			\$6.25	\$7.50	\$7.50

Options not included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Voluntary	\$3.87	\$7.74	\$9.87	\$13.74	\$36.96
Implants 5+	\$3.48	\$6.97	\$8.88	\$12.36	\$33.25
Composite Filling	\$1.35	\$2.71	\$3.45	\$4.81	\$12.92
\$1000 Adult/Child Ortho	\$0.50	\$1.00	\$6.75	\$8.75	\$11.75
Waive Prev Annual Max	\$0.77	\$1.55	\$1.97	\$2.75	\$7.38

Dental Proposal

Proposal for: Pauma Valley Community SE
 State/county: CA - San Diego
 SIC: 4952 - Sewerage Systems
 Location type: Single Site

Quote #: 864947401-003
Reference #: 7
Effective: 9/1/2026

Agent/agency: Kingbenefits Insurance Solutions INC
 Prepared: 5/7/2026

Dental Plan: CA PPO O1K INFS +

Coinsurance % (in): 100/90/60
Coinsurance % (out): 100/80/50
Perio & endo: See Pln Summary
Deductible single (in/out): 50/50
Annual maximum: \$2,000
Association: N/A
Open Enrollment: Yes

Count	Coverage type	Rate	Total
4	Employee	\$34.41	\$137.64
1	Employee/spouse	\$68.82	\$68.82
0	Employee/child	\$93.99	
1	Family	\$129.65	\$129.65
6	Total monthly premium:		\$336.11

Options included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Endodontics IN Basic	\$0.98	\$1.94	\$2.48	\$3.45	\$9.31
Periodontics IN Basic	\$0.98	\$1.94	\$2.48	\$3.45	\$9.31
\$1000 Child Ortho			\$6.25	\$7.50	\$7.50

Options not included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Voluntary	\$3.25	\$6.48	\$8.27	\$11.51	\$30.99
Implants 5+	\$2.92	\$5.84	\$7.44	\$10.36	\$27.88
\$1000 Adult/Child Ortho	\$0.50	\$1.00	\$6.75	\$8.75	\$11.75
Composite Filling	\$1.14	\$2.27	\$2.89	\$4.03	\$10.86
Waive Prev Annual Max	\$0.65	\$1.29	\$1.65	\$2.30	\$6.19

Dental Proposal

Proposal for: Pauma Valley Community SE
 State/county: CA - San Diego
 SIC: 4952 - Sewerage Systems
 Location type: Single Site

Quote #: 864947401-003
Reference #: 8
Effective: 9/1/2026

Agent/agency: Kingbenefits Insurance Solutions INC
 Prepared: 5/7/2026

Dental Plan: CA PPO O1K INFS +

Coinsurance % (in): 100/90/60
Coinsurance % (out): 100/80/50
Perio & endo: See Pln Summary
Deductible single (in/out): 50/50
Annual maximum: \$1,500
Association: N/A
Open Enrollment: Yes

Count	Coverage type	Rate	Total
4	Employee	\$32.27	\$129.08
1	Employee/spouse	\$64.54	\$64.54
0	Employee/child	\$88.54	
1	Family	\$122.07	\$122.07
6	Total monthly premium:		\$315.69

Options included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Endodontics IN Basic	\$0.91	\$1.82	\$2.33	\$3.24	\$8.70
Periodontics IN Basic	\$0.91	\$1.82	\$2.33	\$3.24	\$8.70
\$1000 Child Ortho			\$6.25	\$7.50	\$7.50

Options not included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Voluntary	\$3.04	\$6.08	\$7.76	\$10.80	\$29.04
Implants 5+	\$2.74	\$5.47	\$6.98	\$9.72	\$26.15
\$1000 Adult/Child Ortho	\$0.50	\$1.00	\$6.75	\$8.75	\$11.75
Composite Filling	\$1.06	\$2.13	\$2.71	\$3.78	\$10.15
Waive Prev Annual Max	\$0.61	\$1.22	\$1.55	\$2.16	\$5.82

Vision Proposal

Proposal for: **Pauma Valley Community SE**

State/county: CA - San Diego
 SIC: 4952 - Sewerage Systems
 Location type: Single Site

Quote #: **864947401-003**
 Reference #: **1**
 Effective: **9/1/2026**

Agent/agency: Kingbenefits Insurance Solutions INC

Prepared: 5/7/2026

Vision Plan: CA Humana Vision PLUS 150x

Exam Copay (in) : \$10
 Materials Copay (in) : \$25
 Retail Frame Allowance (in) : \$150
 Contact Lens Allowance (in) : \$150
 Association : N/A
 Open Enrollment : Yes

Count	Coverage type	Rate	Total
4	Employee	\$5.32	\$21.28
1	Employee/spouse	\$10.63	\$10.63
2	Employee/child	\$10.10	\$20.20
1	Family	\$15.87	\$15.87
8	Total monthly premium:		\$67.98

Options included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total

Options not included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Voluntary Participation	\$1.32	\$2.66	\$2.52	\$3.97	\$16.95
12-Month Frame Benefit	\$0.85	\$1.70	\$1.62	\$2.54	\$10.88
Retinal Imaging	\$0.60	\$1.20	\$1.10	\$1.75	\$7.55

Humana Vision PLUS plans have enhanced benefits available at PLUS preferred providers. See plan summary attachment for more details.

Vision Proposal

Proposal for: **Pauma Valley Community SE**

State/county: CA - San Diego
 SIC: 4952 - Sewerage Systems
 Location type: Single Site

Quote #: **864947401-003**
 Reference #: **2**
 Effective: **9/1/2026**

Agent/agency: Kingbenefits Insurance Solutions INC

Prepared: 5/7/2026

Vision Plan: CA Humana Vision PLUS 130x

Exam Copay (in) : \$10
 Materials Copay (in) : \$25
 Retail Frame Allowance (in) : \$130
 Contact Lens Allowance (in) : \$130
 Association : N/A
 Open Enrollment : Yes

Count	Coverage type	Rate	Total
4	Employee	\$4.42	\$17.68
1	Employee/spouse	\$8.84	\$8.84
2	Employee/child	\$8.39	\$16.78
1	Family	\$13.19	\$13.19
8	Total monthly premium:		\$56.49

Options included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total

Options not included in monthly total

	Employee	Employee/ spouse	Employee/ child	Family	Total
Voluntary Participation	\$1.10	\$2.21	\$2.10	\$3.30	\$14.11
12-Month Frame Benefit	\$0.71	\$1.41	\$1.35	\$2.11	\$9.06
Retinal Imaging	\$0.60	\$1.20	\$1.10	\$1.75	\$7.55

Humana Vision PLUS plans have enhanced benefits available at PLUS preferred providers. See plan summary attachment for more details.

Life Proposal

Proposal for:	Pauma Valley Community SE	Quote #:	864947401-003	Agent/agency:	Kingbenefits Insurance Solutions INC
State/county:	CA - San Diego	Reference #:	1		
SIC:	4952 - Sewerage Systems	Effective:	9/1/2026		
Location type:	Single Site	Issuing Carrier:	Humana Insurance Company	Prepared:	5/7/2026

Basic Employee Life/AD&D Plan

Employer contribution	100%
Minimum participation level	100%
Salary Multiplier or Flat Benefit	\$50,000
Guarantee issue	\$150,000
Waiver of premium	Waiver to age 65
Accelerated death benefit	50% to a maximum of \$250,000
Age reduction	Age Schedule 2
	65 - 69 35%
	70+ 50%

AD&D	Included
AD&D riders	Seat belt/airbag/helmet
	Paralysis
	Repatriation benefit
	Common carrier
	Education benefit
	Child care
	Coma

Rate guarantee	2 years
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Class	Number of active employees	Volume	Life rates per \$1000	AD&D rates per \$1000	Monthly premium
ALL EMPLOYEES	14	\$700,000.00	\$0.13	\$0.03	\$112.00

At time of sale, rate guarantee is required to be the same between classes.

Life Proposal

Proposal for: Pauma Valley Community SE

State/county: CA - San Diego
 SIC: 4952 - Sewerage Systems
 Location type: Single Site

Quote #: 864947401-003
 Reference #: 1
 Effective: 9/1/2026
 Issuing Carrier: Humana Insurance Company

Agent/agency: Kingbenefits Insurance Solutions INC

Prepared: 5/7/2026

Voluntary Employee Life/ AD&D Plan

Employer contribution 0
 Minimum participation level 5 or more lives
 Portability Included
 Incremental flat benefit \$1,000 increments
 Minimum volume amount \$10,000
 Maximum volume amount \$250,000
 Guarantee issue \$75,000
 Waiver of premium Waiver to age 65
 Accelerated death benefit 50% to a maximum of \$250,000
 Age reduction

Age	Schedule 2
65 - 69	35%
70+	50%

Age Band	Employee Rate Per \$1000	Spouse Rate Per \$1000
0 - 24	\$0.08	\$0.05
25 - 29	\$0.08	\$0.05
30 - 34	\$0.09	\$0.06
35 - 39	\$0.12	\$0.08
40 - 44	\$0.18	\$0.12
45 - 49	\$0.27	\$0.19
50 - 54	\$0.43	\$0.30
55 - 59	\$0.69	\$0.48
60 - 64	\$0.97	\$0.68
65 - 69	\$1.60	\$1.12
70 - 74	\$3.13	\$2.18
75 - 79	\$6.04	\$4.20
80 - 999	\$11.26	\$7.84
AD&D	\$0.03	\$0.03
Child Rate \$5000	Rates per child unit	N/A
Child Rate \$10000	Rates per child unit	\$2.00

AD&D Included
 AD&D riders Seat belt/airbag/helmet
 Paralysis
 Repatriation benefit
 Common carrier
 Education benefit
 Child care
 Coma

Voluntary Spouse Life

Spousal Benefit 50%
 Spouse maximum volume amount \$125,000
 Guarantee issue \$25,000
 AD&D Included

Rate guarantee 2 years

General Information

This Quote is for illustration only. The proposed rates are for an effective date no later than 9/1/2026. Final rates and whether coverage will be issued and in what amount are subject to underwriting review, health status of the applicant (where applicable), and the actual composition of the group. Underwriting reserves the right to re-evaluate rates if final enrollment changes from quoted enrollment. Under no circumstances should the employer cancel its current group insurance coverage before receiving approval of coverage from underwriting.

- If additional employee or COBRA/continuation applications are submitted or if terminations are requested during the first 60 days of coverage, and the request is to include or exclude these applicants on the original effective date of the group, re-rating is required so that the initial rates are based on the initial enrollment.
- For the insuring or offering entity, please see applicable sales or marketing literature.
- The latest effective date for a quote processed before the 12th of the month is two months from the first of current month. For a quote processed on or after the 12th, the effective date can be three months from the first of the current month.
- Please note that Humana will not accept any business if the Writing Agent or Agent of Record are not appropriately contracted, licensed and appointed. Both must be contracted, licensed and appointed in the state(s) indicated by the abbreviation in the products illustrated in this rate quote.
- If group consists of more than one location, quote assumes they are all in the same County.
- Every policy marketed, issued or delivered to a California resident, regardless of where the policy is issued, must provide equal coverage to domestic partners as provided to spouses.
- Packaged savings may be available based on the number of lines sold. To receive packaged savings, all eligible benefits must remain in-force. Discounts will be withdrawn when medical or dental coverage terminate. Discounts may be adjusted based on the number of benefits in-force. Program is subject to change at any time. Contact your local sales office for program details.
- It is the Employers responsibility to determine employee eligibility. Eligibility of employees will be validated at time of sold case.

Dental Product Information

- Not all dental options can be sold together. If you want information on dual option dental plans, contact your Sales Office.
- Availability of orthodontia benefits may vary subject to case size requirements.
- The breakout prices of options are approximate. To obtain the most accurate total monthly dental premiums, select all desired options when generating the final quote.

Vision Product Information

- Unless otherwise mandated, vision rates are guaranteed for two years. If the vision product is added to another line of coverage on a date other than the groups renewal, the rates will be good up to their second renewal.
- For groups with less than 5 employees electing vision coverage, a Humana medical or dental product must be purchased.
- The breakout prices of options are approximate. To obtain the most accurate total monthly vision premiums, select all desired options when generating the final quote.
- Not all vision options can be sold together. If you want information on dual option vision plans, contact your Sales Office.

Life Product Information

- Life participation guidelines are based on the number of eligible employees.
- Evidence of insurability is required for life amounts over guarantee issue.
- Evidence of insurability is required for all subscribers age 70 or older and dependents age 65 or older for Voluntary Life, the guarantee issue amounts are not applicable. Basic Life GI applies to all ages if they are a timely applicant.
- Retirees are not eligible for 2-99 life coverage.

Please submit the following to enroll the group:

- _ Enroll or update a group via Launch My Group.

Please submit the following to enroll the group: (continued)

- Completed Employee Enrollment Forms for all eligible employees. Note: alternate employee enrollment forms are available if lines of coverage sold are not in conjunction with medical.
- Evidence of Insurability for groups under 10 lives (Some exceptions may apply, please refer to the Employer Group Application for specifics).
- Evidence of Insurability is required for life amounts over guarantee issue.
- Final rates may be contingent on the completion and evaluations of a Risk Assessment Form. Please contact your sales representative for details.
- One month's premium including administrative fee (if applicable). Unless you request otherwise, we will perform a one-time electronic check conversion of the first month's premium payment from the account for the amount designated on the binder check. Not applicable in all states. Please contact your sales office with any questions.
- Billing statement from prior carrier for the period up to the requested effective date.
- Copy of the original proposal.
- Copy of employer's most recent quarterly detailed state wage and tax report (if applicable).

Please contact your local sales office to submit new cases.



Census Page - (Displayed below is the census that was used to produce the rates.)

Proposal for: Pauma Valley Community SE	Quote #: 864947401-003	Agent/agency: Kingbenefits Insurance Solutions INC
State/county: CA - San Diego	Effective: 9/1/2026	
SIC: 4952 - Sewerage Systems		
Location type: Single Site		Prepared: 5/7/2026

Comments

Male / Female Employee Ratio: 12 (86%) / 2 (14%)

Employee		Spouse		Children's information			Coverage Type			Status	
Age	M/F	Age	M/F	#	Age	M/F	Student	Dent	Vis		Basi
29	M							EE	WV	EE	Active
59	M							WV	WV	EE	Active
44	M							WV	ES	EE	Active
47	M							EE	EE	EE	Active
36	M							WV	WV	EE	Active
38	M							FAM	FAM	EE	Active
39	F							WV	EC	EE	Active
26	M							EE	EE	EE	Active
23	M							EE	WV	EE	Active
33	M							WV	WV	EE	Active
52	F							WV	EE	EE	Active
26	M							ES	WV	EE	Active
48	M							WV	EE	EE	Active
35	M							WV	EC	EE	Active

EE = Employee, EC = Employee/child, ES = Employee/spouse, FAM = Family, WV = Waived

Number of children - includes all children, only children 21 and over are listed separately.

2027

JANUARY						
SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

31

MARCH						
SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

MAY						
SUN	MON	TUE	WED	THU	FRI	SAT
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

JULY						
SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

SEPTEMBER						
SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

NOVEMBER						
SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

FEBRUARY						
SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

APRIL						
SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
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JUNE						
SUN	MON	TUE	WED	THU	FRI	SAT
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AUGUST						
SUN	MON	TUE	WED	THU	FRI	SAT
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22	23	24	25	26	27	28
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OCTOBER						
SUN	MON	TUE	WED	THU	FRI	SAT
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10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
						31

DECEMBER						
SUN	MON	TUE	WED	THU	FRI	SAT
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12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

IMPORTANT DATES

Holidays Observed

- JANUARY 1
NEW YEAR'S DAY
- JANUARY 18
MARTIN LUTHER KING JR. DAY
- FEBRUARY 15
PRESIDENT'S DAY
- MAY 31
MEMORIAL DAY
- JULY 5
INDEPENDENCE DAY (Observance - the 4th falls on Saturday)
- SEPTEMBER 6
LABOR DAY
- NOVEMBER 11
VETERAN'S DAY
- NOVEMBER 25
THANKSGIVING DAY
- NOVEMBER 26
DAY AFTER THANKSGIVING
- DECEMBER 24
CHRISTMAS DAY (Observance - the 25th falls on Saturday)

Regular Board Meetings Scheduled

- JANUARY 25
- FEBRUARY 22
- MARCH 22
- APRIL 26
- MAY 24
- JUNE 28
- JULY 26
- AUGUST 23
- SEPTEMBER 27
- OCTOBER 25
- NOVEMBER 15
- DECEMBER 27

Meetings are typically held on the 4th Monday of every month at 10:00 a.m. in the PVCSD Board Room, located at 33129 Cole Grade Rd, Pauma Valley, CA 92061. Agendas and meeting packets are posted 72 hours prior to the meeting.

Key:

- Holidays Observed
- Regular Board Meeting Dates



2027

JANUARY						
SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7	8	9
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24	25	26	27	28	29	30

31

MARCH						
SUN	MON	TUE	WED	THU	FRI	SAT
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21	22	23	24	25	26	27
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MAY						
SUN	MON	TUE	WED	THU	FRI	SAT
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30	31					

JULY						
SUN	MON	TUE	WED	THU	FRI	SAT
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4	5	6	7	8	9	10
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18	19	20	21	22	23	24
25	26	27	28	29	30	31

SEPTEMBER						
SUN	MON	TUE	WED	THU	FRI	SAT
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NOVEMBER						
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21	22	23	24	25	26	27
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FEBRUARY						
SUN	MON	TUE	WED	THU	FRI	SAT
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APRIL						
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JUNE						
SUN	MON	TUE	WED	THU	FRI	SAT
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AUGUST						
SUN	MON	TUE	WED	THU	FRI	SAT
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22	23	24	25	26	27	28
29	30	31				

OCTOBER						
SUN	MON	TUE	WED	THU	FRI	SAT
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17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

DECEMBER						
SUN	MON	TUE	WED	THU	FRI	SAT
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
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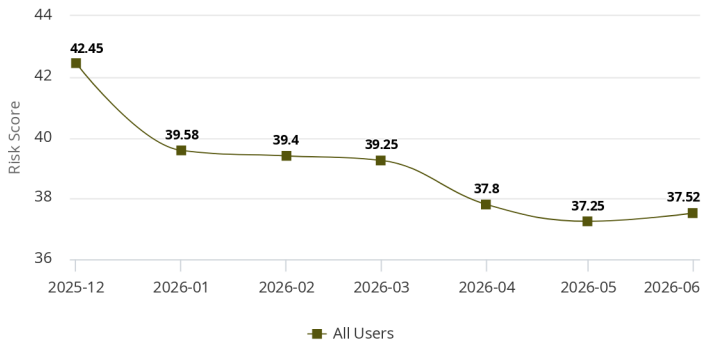
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Key:

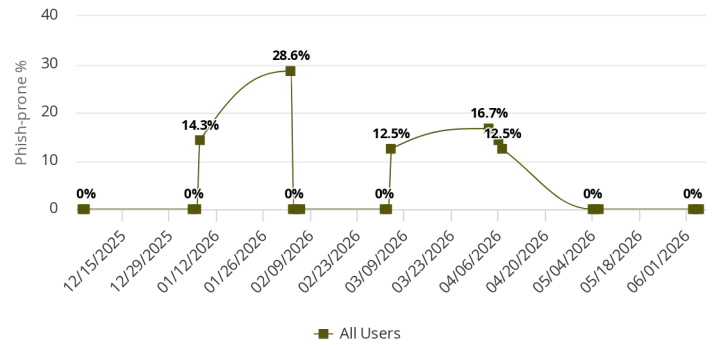
- Holidays Observed
- Regular Board Meeting Dates



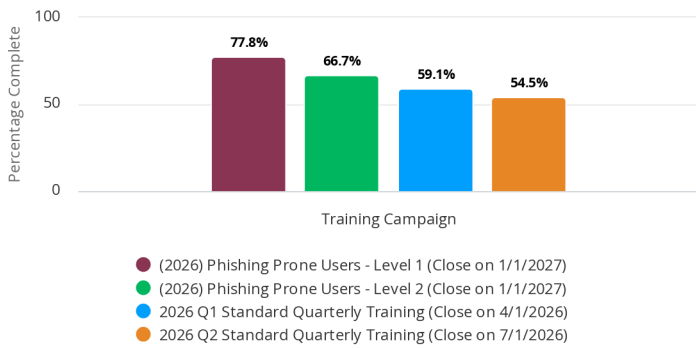
Risk Score Trend (Company average over the last 6 months)



Phish-prone % (Company percent from last 6 months)



Training Completion (Company percentages from last month)



Phishing Test Results (Company totals from last month)

