NORTH COUNTY FIRE PROTECTION DISTRICT

330 S. Main Avenue • Fallbrook, California 92028-2938 • Phone: (760) 723-2005 • Fax: (760) 723-2072 • Web: www.ncfire.org

STEPHEN J. ABBOTT– Fire Chief/CEO - sabbott@ncfire.org
ROBERT H. JAMES – District Counsel - roberthjameslaw@gmail.com
LOREN A. STEPHEN-PORTER – Executive Assistant/Board Secretary - lstephen@ncfire.org

TO: BOARD OF DIRECTORS

FROM: STEPHEN ABBOTT, FIRE CHIEF/CEO

SUBJECT: BOARD MEETING PACKAGE

DATE: MAY 26, 2020

Enclosed is your Board package for the Regular *May* Board Meeting. We have tried to include the information you will need to effectively consider and act on agenda items.

Due to the Covid-19 Outbreak and pursuant to the Declarations by Governor Newsome and the County of San Diego, until further notice, all Board Meetings will be **TELEPHONIC ONLY.**

The Board, Staff and Public may participate by calling into the following number:
1-408-419-1715. Meeting ID is 834 677 344, followed by #.

All Board documents are on line at:
https://www.ncfire.org/2020-05-26-board-tuesday-may-26-2020-regular-meeting

Please note this month's meeting is scheduled for *Tuesday, May 26, 2020*, beginning at *4:00 p.m.*

It is our goal to be prepared to respond accurately to Board questions and concerns. You can help us achieve this goal by contacting me *prior to* the Board meeting with your questions and concerns. This will allow time for the Staff and me to provide the appropriate information for review at the Board meeting.

To ensure a quorum is present, please call Loren in advance of the meeting if you will be unable to attend. She may be reached at (760) 723-2012.

Respectfully,

Stephen Abbott

Stephen Abbott
Fire Chief/CEO

NORTH COUNTY FIRE PROTECTION DISTRICT

AGENDA FOR REGULAR BOARD MEETING
MAY 26, 2020 — 4:00 p.m.

DUE TO THE COVID-19 OUTBREAK AND PURSUANT TO THE DECLARATIONS BY GOVERNOR NEWSOME AND THE COUNTY OF SAN DIEGO, ALL FURTHER BOARD MEETINGS WILL BE TELEPHONIC ONLY.

The Board, Staff and Public may participate by calling into the following number: 1-408-419-1715. Meeting ID is 834 677 344, followed by #.

All Board documents are on line at:
https://www.ncfire.org/2020-05-26-board-tuesday-may-26-2020-regular-meeting

PUBLIC ACTIVITIES AGENDA

For those joining us for the Public Activities Agenda, please feel free to depart at the close of the agenda. We invite you to stay for the remainder of the business meeting.

CALL TO ORDER
ROLL CALL
INVOCATION
PLEDGE OF ALLEGIANCE

1. **PUBLIC COMMENT — PRESIDENT LUEVANO** (pgs. 5-6)

➢ ***STANDING ITEM:*** *Members of the Public may directly address the Board of Directors on items of interest to the Public provided no action will be taken on non-agenda items. The Board President may limit comments to three minutes per speaker (Board of Directors Operations – Elections, Officers and Terms SOG § 4.2.6.3.).*

ACTION AGENDA

CONSENT EVENTS:

All Events listed under the Consent Events are considered routine and will be enacted in one motion. There will be no separate discussion of these Events prior to the Board action on the motion, unless members of the Board, Staff or public request specific Events be removed from the Consent Agenda.

2. **APPROVE REGULAR BOARD MEETING MINUTES, APRIL 2020** (pgs. 7-14)

➢ *Standing Event: Review and approve minutes from April meeting as presented.*

3. **APPROVE SPECIAL BOARD MEETING MINUTES, MAY 13, 2020** (pgs. 15-18)

➢ *Standing Event: Review and approve minutes from Special meeting as presented.*

4. **REVIEW AND ACCEPT FINANCIAL REPORT FOR APRIL 2020** (pgs. 19-28)

➢ *Standing Event: Review and Accept Financial Report for April as presented.*

5. **REVIEW AND ACCEPT POLICIES & PROCEDURES** (pgs. 29-32)

➢ *Standing Event: [1] Budget and Fund Management: Reserve Fund Balance Reporting: New policy to address how Capital Improvements are planned for and funded.*

ACTION EVENTS:

All Events listed under the Action Events Agenda will be presented and discussed prior to the Board taking action on any matter. Time Certain Events will commence precisely at the time announced in the Agenda.

6. **SET PUBLIC HEARING DATE/TIME CERTAIN JULY 28, 2020 (4:15 P.M.) — FOR ESTABLISHMENT OF MULTI-YEAR FACILITIES AND EQUIPMENT PLAN FOR THE FIRE MITIGATION PROGRAM WITH ADOPTION OF RESOLUTION — FM FIERI AND CHIEF ABBOTT** (pgs. 33-34)

➢ *Annual Action: Recommendation to set required Public Hearing, date and times certain on July 28, 2020 for hearing as outlined.*

Note: The Americans with Disabilities Act provides that no qualified individual with a disability shall be excluded from participation in, or denied the benefits of, District business. If you need assistance to participate in this meeting, please contact the District Office 72 hours prior to the meeting at (760) 723-2012.

7. **REVIEW AND APPROVE CALPERS UAL RESTRUCTURING DOCUMENTS — CHIEF ABBOTT AND DFC MAROVICH** (pgs. 35-242)

➢ *New Item: Review and Approve CalPERS UAL Restructuring Documents including: Resolution 2020-05, Trust Agreement, Preliminary Official Statement, Bond Purchase Agreement, Debt Management Policy, Continuing Disclosure Policy and Estimated Savings Analysis*

DISCUSSION AGENDA

No action shall be undertaken on any Discussion Event. The Board may: acknowledge receipt of the information or report and make comments; refer the matter to Staff for further study or report; or refer the matter to a future agenda.

8. **DISCUSSION ON PRELIMINARY BUDGET – HR/FINANCE SPECIALIST JUUL, DFC MAROVICH AND CHIEF ABBOTT** (pgs. 243-46)

➢ ***Annual Item**: Discussion of Preliminary Budget with approval of changes in Budget process.*

STANDING DISCUSSION EVENTS: *All Events listed under the Standing Discussion Events are presented every meeting.*

- **LEGAL COUNSEL REPORT:** (pgs. 247-48)
- "The CARES Act's New Rules for Coronavirus Related Distributions from Governmental 475(b) Plans."

- **WRITTEN COMMUNICATION:** None (pgs. 249-50)
- BOARD RECOGNITION PROGRAM

- **NEWS ARTICLES:** As attached. (pgs. 251-90)

- **COMMENTS/REPORTS/QUESTIONS:** (pgs. 291-92)

- **STAFF:**
  - Chief Abbott
  - Other Staff

- **BOARD**
- **BARGAINING GROUPS**
- **PUBLIC COMMENT**

CLOSED SESSION

The Board will enter closed session to discuss events as outlined herein. As provided in the Government Code, the public will not be present during these discussions. At the end of the Closed Session, the Board shall publicly report any action taken in Closed Session (and the vote or abstention on that action of every member present) in accordance with Government Code § 54950 ET. seq.)

CS-1. ANNOUNCEMENT — PRESIDENT LUEVANO: (pgs. 293-94)

➢ An announcement regarding the items to be discussed in Closed Session will be made prior to the commencement of Closed Session.

CS-2. **CONFERENCE WITH LABOR NEGOTIATOR – GOVERNMENT CODE § 54957.6 — MANAGEMENT GROUP NEGOTIATIONS – CHIEF ABBOTT:**

➢ NCFPD MANAGEMENT GROUP — DISTRICT NEGOTIATORS: CHIEF ABBOTT, DISTRICT COUNSEL JAMES

CS-3. **CONFERENCE WITH LABOR NEGOTIATOR – GOVERNMENT CODE § 54957.6 — NON-SAFETY GROUP NEGOTIATIONS – CHIEF ABBOTT:**

➢ FFA NON-SAFETY GROUP NEGOTIATORS — DISTRICT NEGOTIATORS: CHIEF ABBOTT, DISTRICT COUNSEL JAMES

CS-4. **CONFERENCE WITH LABOR NEGOTIATOR – GOVERNMENT CODE § 54957.6 — SAFETY GROUP NEGOTIATIONS – CHIEF ABBOTT:**

- FFA SAFETY GROUP NEGOTIATORS — DISTRICT NEGOTIATORS: CHIEF ABBOTT, DISTRICT COUNSEL JAMES

CS-5. **CONFERENCE WITH REAL PROPERTY NEGOTIATOR — GOVERNMENT CODE § 54956.8 — DFC MAROVICH AND CHIEF ABBOTT:**

- PROPERTY LOCATION: 4157 Olive Hill Road, Fallbrook, CA 92028;
  PARTIES: North County Fire Protection District (Seller);
  UNDER NEGOTIATION: Terms of Purchase;
  DISTRICT NEGOTIATORS: Chief Abbott, District Counsel James

CS-6. **REPORT FROM CLOSED SESSION — PRESIDENT LUEVANO**

ADJOURNMENT

SCHEDULED MEETINGS

The next regularly scheduled Board meeting is: Tuesday, June 23, 2020, 4:00 p.m. location TBD.

CERTIFICATION OF AGENDA POSTING

"I certify that this Agenda was posted in accordance with the provisions of the Government Code § 54950 et. seq. The posting locations were: [1] the entrance of North County Fire Protection District Administrative Offices, [2] Fallbrook Public Utility District Administrative Offices and [3] the Roy Noon Meeting Hall; [4] District's website at https://www.ncfiredistrict.org. The Agenda was also available for review at the Office of the Board Secretary, located at located at 330 S. Main Avenue, Fallbrook (760) 723-2012. Materials related to an item on this Agenda submitted to the District after distribution of the agenda packet, are available for public inspection in the Office of the Board Secretary, located at 330 S. Main Avenue, Fallbrook (760) 723-2012, during normal business hours or may be found on the District website at https://www.ncfire.org, subject to the Staff's ability to post the documents before the meeting. The date of posting was May 21, 2020."

Board Secretary Loren Stephen-Porter: Loren A. Stephen-Porter Date: May 21, 2020

TO: BOARD OF DIRECTORS

FROM: STEPHEN ABBOTT, FIRE CHIEF/CEO

DATE: MAY 26, 2020

SUBJECT: PUBLIC COMMENT

PUBLIC COMMENT:

1. *Members of the Public may directly address the Board of Directors on items of interest to the Public provided no action will be taken on non-agenda items. The Board President may limit comments to three minutes per speaker (Board of Directors Operations – Elections, Officers and Terms SOG § 4.2.6.3.).*

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April 28, 2020

REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE NORTH COUNTY FIRE PROTECTION DISTRICT

President Luevano called the meeting to order at 4:00 p.m.

THE INVOCATION GIVEN BY DFC MAROVICH.

ALL RECITED THE PLEDGE OF ALLEGIANCE.

ROLL CALL:

Present: Directors Harris, Hoffman, Luevano, Munson and Van Doorn.

Absent: None.

Staff Present: Fire Chief/CEO Abbott, Attorney James and Board Secretary Stephen-Porter. In the audience were: DFC Marovich, D/Cs Mahr and McReynolds, B/Cs Mann and Macmillan, F/M Fieri members of Association and public.

PUBLIC ACTIVITIES AGENDA

1. **PUBLIC COMMENT:** President Luevano addressed the audience and inquired whether there were any public comments regarding items not on the Agenda. There being no comments, the Public Comment Section was closed.

ACTION AGENDA

CONSENT ITEMS:

2. **REVIEW AND ACCEPT REGULAR BOARD MEETING MINUTES FOR MARCH 2020**
3. **REVIEW AND ACCEPT FINANCIAL REPORT FOR MARCH 2020**
4. **REVIEW AND ACCEPT POLICIES & PROCEDURES – SEE ITEM 7**
5. **REVIEW AND ACCEPT EMERGENCY SERVICE OVERTIME TRACKING REPORT FOR THE THIRD QUARTER**
6. **REVIEW AND ACCEPT CUSTOMER SATISFACTION SURVEY PROGRAM RESULTS – FIRST QUARTER 2020**

President Luevano inquired whether there were any questions on Consent Items 2-6 . There being no discussion, President Luevano asked for a motion to approve the Consent Agenda.

On a motion by Director Harris, seconded by Director Hoffman the motion to approve the Consent Agenda as presented passed unanimously.

ACTION ITEMS:

7. **REVIEW AND APPROVE PAYROLL AND AP SPECIALIST JOB DESCRIPTION – DFC MAROVICH AND CHIEF ABBOTT:** DFC Marovich presented the plan to cover for the Deputy Fire Chief duties when he retires in October 2020. The District plans to reorganize, with the division splitting between HR and Finance into two divisions. As has been noted by the auditors, with the workload of finance, it is imperative to have three individuals operating all the processes in place as a check and balance. The loss of the Deputy Chief will require one additional individual when HR/Finance Specialist Juul assumes the oversight responsibilities. On a motion by Director Hoffman, seconded by Vice President Van Doorn, the motion to approve the job description for the Payroll and AP Specialist passed unanimously.

DISCUSSION AGENDA

CS-8. **STRATEGIC DIRECTION DISCUSSION – CHIEF ABBOTT:** Chief Abbott opened the discussion with the Board regarding the Strategic Direction (SD) giving an overview of the six items in the plan: (1) Planning/Restoration Of Reserve Funds; (2) Restoration Of Administrative Capacity/Station Staffing; (3) Facilities; (4) Integration With North Zone Agencies; (5) Volunteer Firefighter Program; (6) Mobile Integrated Health ("MIH" Or Community Paramedicine) and (7) Disaster Preparedness Plan. Chief Abbott noted Item #1 the District had also reached approximately 70% of the targeted operational reserve fund goals. He noted for Item 1, the District has paid off one if the long-term loans and is working with FDAC regarding ERAF considerations for the future. The District should anticipate revenue augmentation recommendations from CSUSM by May or June. For Item 2, he presented the revised organization chart, which shows the lines of communication and responsibility after the Deputy Fire Chief retires. This will be put in place in December. There were no objections to this plan. Chief Abbott noted for Item 3, the District is looking at other options for facilities replacement, including differing materials and methods. Discussion ensued regarding restricted fund usage and what how the Program will be defined. Chief Abbott noted that Item 4 is an ongoing event, although the COVID-19 event has accelerated the process. He discussed call triage, tiered dispatch and BLS overlay. Chief Abbott noted that with Oceanside and San Diego running SR Programs similar to ours and Oceanside, running a BLS Program, the District has the benefit of observing how well their BLS Program works. Concerns were expressed that the District had a BLS Program prior to now that was disband. Discussion ensued regarding the differences between the programs. Chief Abbott informed the Board that Item 5 has been extensively examined and Staff feels this Program is no longer viable. Other programs in place will achieve the same goals of diversity, education and entry into the organization. The Staff intends to discontinue the Volunteer Program at the end of the grant period. Chief Abbott reviewed Item 6, the MIH Program and its parameters. In-depth discussion ensued with it noted that Fallbrook Healthcare District is instrumental in the non-medical transport component. Chief Mahr explained the District has been offering non-medical transport for some time after the patient indicates they do not wish to be transported. The Board requested additional information on AMAs and releases to fully evaluate this Item. Item 7 has been worked on sporadically with it now being assigned to B/C Mann for completion. President Luevano, who has experience in this area, offered to assist with its development, offering certain areas of expertise and concern. B/C Mann has been studying past work and that of the County and other District.

STANDING DISCUSSION ITEMS:

- **LEGAL COUNSEL REPORT**: Counsel James presented his report "California Governor Issues New COVID-19 Executive Order Impacting Local Government." Brief discussion ensued regarding the impact the Governor's emergency declaration may impact the District. This is informational only, no action required.
- **WRITTEN COMMUNICATIONS**: Informational only, no action required.
- **BOARD RECOGNITION PROGRAM**
- **NEWS ARTICLES**: This is informational only, no action required.
- **COMMENTS**:
- **STAFF REPORTS/UPDATES**:

STEPHEN ABBOTT, FIRE CHIEF/CEO: Chief Abbott informed the Board the Staff had suspended the internal command team. It is the intent of Staff to lift the leave suspension and allow employees to exercise their leave with the exception noted that they travel at their own risk meaning, if they become ill after travel, the recuperation will be borne by the employee. Chief Abbott noted that the District is developing an Admin Building repopulation plan, which includes adjusting work cycles, additional precautions and some building modifications to make employee-to-employee and employee-to-public interactions safer. The suggestion was made to place a sign outside informing the public there would be no entry without a mask on. Chief Abbott and FM Fieri have determined to extend the weed abatement deadline into June, as it is expected that the rain will leave much of the grass green into June. Discussion ensued regarding the reality of asking people to mow during the COVID-19 event with green grass and the scarcity of contractors to do the work. FM Fieri updated the Board on the inspection progress. Chief Abbott will work with the SM Specialist to ensure there is adequate media coverage of the new June 1st date and to encourage continued abatement progress. Chief Abbott commended the employees for the organizational and cultural shifts wherein employees are holding themselves accountable, obtaining more professional advancement and taking greater ownership and responsibility within the organization. Chief Abbott informed the Board the Staff is applying for a SAFER grant for the 15th firefighter for Station 3. Informational only, no further action required.

CHIEF OFFICERS AND OTHER STAFF: **HR/FINANCE SPECIALIST JUUL:** HR/Finance Specialist Juul informed the Board that working with legal support, they hope to have resolution to the latest audit. She informed the Board that although the finance report reflects only apportionment through March, the District has received its April apportionment and the District is on track for Budget. HR/F Specialist Juul also informed the Board that the District had received $34,000 from the CARES and she continues receive invoices, which she believes will cover most of the COVID-19 cost expenditures. **D/C MAHR:** D/C Mahr informed the Board that there are no employees out for COVID-19 exposure/illness. March call statistics initially showed a 10% decrease but rebounded. This month so far, there is an 8% decrease in call volume. **D/C MCREYNOLDS:** D/C McReynolds informed the Board the

District had completed a single role paramedic recruitment and now has a healthy list to select from. He noted there will be a fire school training on Camp Pendleton in June. President Luevano requested the District work to inform the public of the smoke issues.

- **BOARD:** All Board members thanked the District employees for the outstanding work during the COVID-19 crisis and expressed gratitude that everyone is now healthy.
- **BARGAINING GROUPS:** A/P Lewis informed the Board that there was a high level of Association attendance at the Board meeting to show their paramount interest and gratitude to the Board in support of setting up the 115 account in conjunction with the POB. He discussed the hard work the Association and Staff had done in IBN collaboration to reach a middle ground to avoid other hard choices; providing an atmosphere for the future which will allow the District to obtain and retain quality employees.
- **PUBLIC COMMENT:** No comments.

CLOSED SESSION

- **OPENING CLOSED SESSION:**

At 5:45 p.m., President Luevano inquired whether there was a motion to adjourn to Closed Session. On a motion by Director Hoffman, seconded by Director Harris, the motion to adjourn to Closed Session passed unanimously. President Luevano read the items to be discussed in Closed Session and the Open Session was closed. A short break ensued after the reading of the Closed Session Items. At 5:55 p.m., and the Board entered Closed Session to hear:

CS-1. **ANNOUNCEMENT — PRESIDENT LUEVANO:** An announcement regarding the items to be discussed in Closed Session was made prior to the commencement of Closed Session as follows:

CS-2. **CONFERENCE WITH LABOR NEGOTIATOR – GOVERNMENT CODE § 54957.6 — MANAGEMENT GROUP NEGOTIATIONS – CHIEF ABBOTT:**

NCFPD MANAGEMENT GROUP	DISTRICT NEGOTIATORS:
	CHIEF ABBOTT, DISTRICT COUNSEL JAMES

CS-3. **<u>Conference With Labor Negotiator – Government Code § 54957.6 — Non-Safety Group Negotiations – Chief Abbott</u>:**

FFA Non-Safety Group Negotiators <u>District Negotiators</u>: Chief Abbott, District Counsel James

CS-4. **<u>Conference With Labor Negotiator – Government Code § 54957.6 — Safety Group Negotiations – Chief Abbott</u>:**

FFA Safety Group Negotiators <u>District Negotiators</u>: Chief Abbott, District Counsel James

CS-5. **<u>Conference With Labor Negotiator – Government Code § 54957.6 — Unrepresented Individuals — Chief Abbott</u>:**

Executive Assistant/Board Secretary <u>District Negotiators</u>: Chief Abbott, District Counsel James

CS-6. **Report From Closed Session — President Luevano**

- **<u>Reopening Open Session</u>:**

On a motion by Director Hoffman, which was seconded by Director Munson and which passed unanimously, the Board returned Open Session at 7:15 p.m., the following items were reported out to the public:

A motion was made by Director Harris to notify each Bargaining Group that the District intends to open contract negotiations in accordance with their Bargaining Group MOU. The motion was seconded by Director Hoffman and passed unanimously.

CS-2. **<u>Conference With Labor Negotiator – Government Code § 54957.6 — Management Group Negotiations – Chief Abbott</u>:** No further reportable action.

CS-3. **<u>Conference With Labor Negotiator – Government Code § 54957.6 — Non-Safety Group Negotiations – Chief Abbott</u>:** On a motion by Director Harris, seconded by Director Hoffman, the motion to approve the Non-Safety Side Letter as presented passed unanimously. No further reportable action.

CS-4. **<u>Conference With Labor Negotiator – Government Code § 54957.6 — Safety Group Negotiations – Chief Abbott</u>:** On a motion by Director Hoffman, seconded by

Director Munson, the motion to approve the Safety Side Letter as presented passed unanimously. No further reportable action.

CS-5. <u>**CONFERENCE WITH LABOR NEGOTIATOR – GOVERNMENT CODE § 54957.6 — UNREPRESENTED INDIVIDUALS — CHIEF ABBOTT**</u>: No further reportable action.

ADJOURNMENT

A motion was made at 7:20 p.m. by Director Munson and seconded by Director Hoffman to adjourn the meeting and reconvene on May 26, 2020, at 4:00 p.m. The motion carried unanimously.

Respectfully submitted,

Loren A. Ste Porter

Loren Stephen-Porter

Board Secretary

Minutes approved at the Board of Director's Meeting on: May 26, 2020

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May 13, 2020

SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE NORTH COUNTY FIRE PROTECTION DISTRICT

President Luevano called the meeting to order at 4:00 p.m.

THE INVOCATION GIVEN BY DFC MAROVICH.

ALL RECITED THE PLEDGE OF ALLEGIANCE.

ROLL CALL:

Present: Directors Harris, Hoffman, Luevano, Munson and Van Doorn.

Absent: None.

Staff Present: Fire Chief/CEO Abbott, Attorney James and Board Secretary Stephen-Porter. In the audience was: DFC Marovich.

PUBLIC ACTIVITIES AGENDA

1. **PUBLIC COMMENT:** President Luevano addressed the audience and inquired whether there were any public members or public member comments regarding items not on the Agenda. There being no responses or comments, the Public Comment Section was closed.

CLOSED SESSION

- **OPENING CLOSED SESSION:**

At 4:06 p.m., there being no other matters on the agenda, by consensus the Board determined to proceed into closed session with President Luevano reading the items to be discussed in Closed Session; the Open Session was closed. A short break ensued after the reading of the Closed Session Items. At 4:15 p.m., and the Board entered Closed Session to hear:

CS-1. **ANNOUNCEMENT — PRESIDENT LUEVANO:** An announcement regarding the items to be discussed in Closed Session was made prior to the commencement of Closed Session as follows:

CS-2. **CONFERENCE WITH LABOR NEGOTIATOR – GOVERNMENT CODE § 54957.6 — MANAGEMENT GROUP NEGOTIATIONS – CHIEF ABBOTT:**

NCFPD MANAGEMENT GROUP — DISTRICT NEGOTIATORS:

CHIEF ABBOTT, DISTRICT COUNSEL JAMES

CS-3. **CONFERENCE WITH LABOR NEGOTIATOR – GOVERNMENT CODE § 54957.6 — NON-SAFETY GROUP NEGOTIATIONS – CHIEF ABBOTT:**

FFA NON-SAFETY GROUP NEGOTIATORS — DISTRICT NEGOTIATORS:

CHIEF ABBOTT, DISTRICT COUNSEL JAMES

CS-4. **CONFERENCE WITH LABOR NEGOTIATOR – GOVERNMENT CODE § 54957.6 — SAFETY GROUP NEGOTIATIONS – CHIEF ABBOTT:**

FFA SAFETY GROUP NEGOTIATORS — DISTRICT NEGOTIATORS:

CHIEF ABBOTT, DISTRICT COUNSEL JAMES

CS-5. **REPORT FROM CLOSED SESSION — PRESIDENT LUEVANO**

- **REOPENING OPEN SESSION:**

On a motion by Director Harris, which was seconded by Director Hoffman and which passed unanimously, the Board returned Open Session at 5:35 p.m., the following items were reported out to the public:

CS-2. **CONFERENCE WITH LABOR NEGOTIATOR – GOVERNMENT CODE § 54957.6 — MANAGEMENT GROUP NEGOTIATIONS – CHIEF ABBOTT:** No reportable action.

CS-3. **CONFERENCE WITH LABOR NEGOTIATOR – GOVERNMENT CODE § 54957.6 — NON-SAFETY GROUP NEGOTIATIONS – CHIEF ABBOTT:** No reportable action.

CS-4. **CONFERENCE WITH LABOR NEGOTIATOR – GOVERNMENT CODE § 54957.6 — SAFETY GROUP NEGOTIATIONS – CHIEF ABBOTT:** No reportable action.

ADJOURNMENT

A motion was made at 5:40 p.m. by Director Hoffman and seconded by Vice President Van Doorn to adjourn the meeting and reconvene on May 26, 2020, at 4:00 p.m. The motion carried unanimously.

Respectfully submitted,

Loren A. Ste Porter

Loren Stephen-Porter

Board Secretary

Minutes approved at the Board of Director's Meeting on: May 26, 2020

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NORTH COUNTY FIRE PROTECTION DISTRICT

Administration – Budget & Finance

TO: Board of Directors

FROM: DFC Chief Steven Marovich, HR/FS Cherie Juul and Chief Abbott

DATE: May 26, 2020

SUBJECT: Revenue & Expenditures as of April 30, 2020 (83%)

Revenue Sources	Budgeted	Collected	Over/Under	% of Budget
Property Taxes - FBK	15,476,356.00	14,944,433.54	(531,922.46)	97%
Property Taxes - RNBW	285,000.00	290,243.47	(236,911.29)	102%
Ambulance and Collections	1,945,000.00	1,867,955.27	(77,044.73)	96%
GEMT-State Supplement	130,000.00	-	(130,000.00)	0%
Prevention Fees	200,000.00	137,196.11	(62,803.89)	69%
Tower Lease Agreements	103,000.00	95,281.80	(7,718.20)	93%
Other Revenue Sources	50,000.00	81,876.28	31,876.28	164%
Interest	70,000.00	82,014.92	12,014.92	117%
Cost Recovery	70,000.00	66,320.02	(3,679.98)	95%
Fallbrook Healthcare District	181,637.00	40,186.36	(141,450.64)	22%
Community Facilities District (CFD)	149,079.00	86,021.03	(63,057.97)	58%
Strike Team Reimbursements	89,000.00	76,162.64	(12,837.36)	-
Other Reimbursements	150,000.00	36,665.55	(113,334.45)	24%
Mitigation Fees & Interest - FBK	300,000.00	451,890.56	151,890.56	151%
Donations & Grants	288,215.00	212,174.28	(76,040.72)	74%
Annexation fees	-	-	-	-
Transfers & Loans	-	-	-	0%
Total Revenue:	**19,487,287.00**	**18,468,421.83**	**(1,018,865.17)**	**95%**
	Budgeted	**Spent**	**Over/Under**	**% of Budget**
TTL Expenditures YTD thru 02-29-2020	**18,568,278.00**	**14,519,785.95**	**(4,048,492.05)**	**78%**
Revenue over Expenditures		**3,948,635.88**		

North County Fire Protection District
For the Tenth Month Ending April 30, 2020
83% of Budget

COLOR KEY
Within/Below Budget
Within 10% of Budget
>10% of Budget (see notes)

Description	April Actual	Running Total	Annual Budget	Amount Remaining	% Used	Notes
TOTAL PERSONNEL	2,620,438.96	11,869,129.36	14,891,903.00	3,022,773.64	79.7%	
101 Total Board Administration	16,960.40	407,504.56	468,900.00	61,395.44	86.9%	
102 Total Administration	189,903.73	855,077.54	1,090,029.00	234,951.46	78.4%	
103 Total Fire Prevention	1,800.09	32,159.27	70,400.00	38,240.73	45.7%	
104 Total Emergency Services	6,133.01	328,139.30	358,096.00	29,956.70	91.6%	
105 Total Emergency Med Svcs	15,322.45	158,500.58	205,233.00	46,732.42	77.2%	
106 Total Reserves (note below)	-	42,274.62	62,995.00	20,720.38	67.1%	
107 Total Communications***	3,619.04	490,146.50	686,832.00	196,685.50	71.4%	
108 Total Shop/Maintenance	10,093.18	264,356.55	308,890.00	44,533.45	85.6%	
109 Total Training	3,867.85	72,497.67	75,000.00	2,502.33	96.7%	Spike in formal education
120 Total General Fund Reserve	-	-	350,000.00	350,000.00	0.0%	
GRAND TOTAL	2,868,138.71	14,519,785.95	18,568,278.00	4,048,492.05	78.2%	
200 Total Capital Expenditures	7,145.89	2,369,673.91	2,677,751.00	308,077.09	88.5%	

NORTH COUNTY FIRE PROTECTION DISTRICT

Tax Apportionments FY 19-20

DATE	APP #	GROSS	REFUNDS & ADJUSTMENTS	FY 19/20 NET	FY 19/20 RUNNING	FY 18/19 NET	FY 18/19 RUNNING
08 13 2019	1	231,494.20	2,075.77	229,418.43	229,418.43	211,088.06	211,088.06
09 10 2019	2	80,372.61	892.49	79,480.12	308,898.55	62,146.73	273,234.79
10 8 2019	3	178,919.83	24,333.34	154,586.49	463,485.04	175,730.27	448,965.06
11 5 2019	4	554,398.75	19,982.36	534,416.39	997,901.43	603,342.32	1,052,307.38
12 10 2019	5	5,143,751.86	9,856.48	5,133,895.38	6,131,796.81	4,702,859.90	5,755,167.28
01 21 2019	6	2,461,682.55	10,271.56	2,451,410.99	8,583,207.80	2,475,082.73	8,230,250.01
02 25 2019	7	369,443.49	10205.12	359,238.37	8,942,446.17	373,592.56	8,603,842.57
03 1 2019				-	-	-	-
04 7 2019	8	3,363,250.16	153,103.17	3,210,146.99	12,152,593.16	3,842,704.38	12,446,546.95
04 28 2019	9	2,561,120.09	7,234.39	2,553,885.70	14,706,478.86	1,803,479.65	14,250,026.60
05 26 2019	10			-	14,706,478.86	129,786.35	14,379,812.95
06 23 2019	11			-	14,706,478.86	231,038.97	14,610,851.92
07 21 2019	12			-	14,706,478.86	77,727.25	14,688,579.17
				-			
TOTAL YTD		14,944,433.54	237,954.68	14,706,478.86	14,706,478.86	14,250,026.60	14,250,026.60
						Net Rev Increase	3.20%

RAINBOW FIRE PROTECTION DISTRICT

Tax Apportionments FY 19/20

DATE	APP #	GROSS	REFUNDS & ADJUSTMENTS	FY 19/20 NET	FY 19/20 RUNNING	FY 18/19 NET	FY 18/19 RUNNING
08 13 2019	1	4,233.48	37.97	4,195.51	4,195.51	3,880.98	3,880.98
09 10 2019	2	1,469.81	16.34	1,453.47	5,648.98	1,142.66	5,023.64
10 8 2019	3	3,272.00	445.03	2,826.97	8,475.95	3,230.89	8,254.53
11 5 2019	4	10,138.58	378.41	9,760.17	18,236.12	11,081.56	19,336.09
12 10 2019	5	94,589.96	180.33	94,409.63	112,645.75	86,192.15	105,528.24
01 21 2020	6	54,054.58	187.85	53,866.73	166,512.48	46,559.31	152,087.55
02 25 2020	7	7,159.52	207.57	6,951.95	173,464.43	6,832.96	158,920.51
03 1 2020				-	173,464.43	-	158,920.51
04 7 2020	8	65,065.32	2,959.52	62,105.80	235,570.23	70,775.54	229,696.05
04 28 2020	9	50,260.22	134.76	50,125.46	285,695.69	33,900.26	263,596.31
05 26 2020	10			-	285,695.69	2,421.64	266,017.95
06 23 2020	11			-	285,695.69	4,226.68	270,244.63
07 21 2020	12			-	285,695.69	1,423.06	271,667.69
				-	285,695.69	-	271,667.69
TOTAL YTD		290,243.47	4,547.78	285,695.69	285,695.69	263,596.31	263,596.31
						Net Rev Increase	8.38%

NORTH COUNTY FIRE PROTECTION DISTRICT

AMBULANCE REVENUE FY 2019-2020

MONTH	BILLED	CONTRACTUAL WRITE DOWNS	TOTAL AR FY 19-20	TOTAL AR FY 18-19	BAD DEBT WRITE-OFFS	REFUNDS	ADJ AR	DEPOSITS RECIEVED	BILLING FEES	FY 19-20 NET REVENUE	FY 18-19 NET REVENUE
07 31 2019	578,484.46	304,372.40	274,112.06	213,761.06	75,924.16	-	198,187.90	165,604.55	9,770.67	155,833.88	156,594.61
08 31 2019	497,985.65	282,032.34	215,953.31	196,525.85	21,969.39	-	193,983.92	192,621.04	11,364.05	181,256.99	127,795.75
09 30 2019	577,163.06	270,003.13	307,159.93	180,398.25	35,233.75	-	271,926.18	211,591.45	12,483.90	199,107.55	144,364.63
10 31 2019	540,627.08	291,737.01	248,890.07	177,845.02	21,409.31	16,805.26	210,675.50	217,089.84	11,816.20	205,273.64	173,574.04
11 30 2019	571,553.85	342,550.36	229,003.49	232,615.61	68,523.10	-	160,480.39	208,847.32	12,321.99	196,525.33	158,597.14
12 31 2019	612,471.73	280,653.83	331,817.90	227,844.63	37,854.02	-	293,963.88	191,106.86	11,164.54	179,942.32	136,934.48
01 31 2020	579,285.71	378,115.42	201,170.29	265,799.30	35,161.43	5,090.95	160,917.91	225,812.35	12,845.35	212,967.00	146,990.66
02 28 2020	546,733.71	306,545.56	240,188.15	217,930.29	40,369.48	-	199,818.67	200,731.05	11,843.13	188,887.92	155,082.20
03 31 2020	514,494.10	305,557.43	208,936.67	217,351.75	(1,668.92)	-	210,605.59	186,656.59	11,012.74	175,643.85	150,448.07
04 30 2020	436,033.85	237,722.47	198,311.38	212,122.36	137,778.12	-	60,533.26	183,333.46	10,816.67	172,516.79	176,106.75
05 31 2020			-	191,346.91			-			-	199,697.17
06 30 2020			-	208,945.78			-			-	139,056.24
TOTAL:	5,454,833.20	2,999,289.95	2,455,543.25	2,142,194.12	472,553.84	21,896.21	1,961,093.20	1,983,394.51	115,439.24	1,867,955.27	1,526,488.33
					Net A/R Change		14.63%			New Revenue Change	22.37%

NORTH COUNTY FIRE PROTECTION DISTRICT

MONTHLY INVESTMENT REPORT

April 30, 2020

FALLBROOK	BALANCE	INTEREST RATE	
County of San Diego/General Fund - FBK	3,449,811.24	0.01%	Operating
County of San Diego/General Fund - RNBW	1,147,095.90	0.01%	Operating
County of San Diego/Capital Reserve	396,691.58	0.01%	Capital Reserves
County of San Diego/Fire Mitigation Fund - FBK	648,325.29	0.01%	Mitigation Fees
County of San Diego/Fire Mitigation Fund - RNBW	4,018.77	0.01%	Mitigation Fees
Local Agency Investment Fund	2,137,121.93	1.79%	LAIF
Workers' Comp JPA	476,263.62	0.26%	PASIS Funds
Bank of America/PASIS	497.08	0.01%	
First National/Benefit Fund	155,827.88	0.70%	
First National/Payroll	406,513.03	0.70%	
First National/Accounts Payable	135,093.05	0.66%	
First National/Accounts Receivable	191,137.18	0.70%	
Pacific Western Bank/Accounts Receivable	1,247,378.56	0.00%	
TOTAL	**10,395,775.11**		

NORTH COUNTY FIRE PROTECTION DISTRICT
COST RECOVERY FY 2019/2020

Month	Billed	Collected	YTD % Collected	Billing Fees	Net Revenue 19/20	FY 18/19 Net Revenue
7 31 2019	9,600.00	3,489.33	36.35%	697.87	2,791.46	9,132.00
8 30 2019	13,459.00	12,681.00	94.22%	2,536.20	10,144.80	5,129.88
9 30 2019	5,013.00	4,776.00	95.27%	955.20	3,820.80	6,630.40
10 31 2019	10,803.00	8,918.00	82.55%	1,783.60	7,134.40	6,263.39
11 30 2019	7,034.25	5,879.87	83.59%	1,175.97	4,703.90	6,981.22
12 31 2019	7,247.25	6,718.34	92.70%	1,343.67	5,374.67	4,120.80
1 31 2020	9,878.50	9,306.03	94.20%	1,861.21	7,444.82	3,653.60
2 28 2020	7,468.00	7,468.00	100.00%	1,493.60	5,974.40	6,160.00
3 30 2020	13,858.00	12,558.45	90.62%	2,511.69	10,046.76	2,764.80
4 30 2020	11,451.50	11,105.00	96.97%	2,221.00	8,884.00	2,646.80
5 31 2020			#DIV/0!	-	-	5,687.20
6 30 2020			#DIV/0!	-	-	5,743.37
TOTAL:	**95,812.50**	**82,900.02**	**86.52%**	**16,580.00**	**66,320.02**	**53,482.89**
					Net Rev Increase	**24.00%**

therecoveryhub.com
Ncfpd1109 Explorer

Document Date	Document Number	Vendor Name	Transaction Description	Document Amount
04 15 2020	FY19/20 Q4 PASIS	CITY OF SAN MARCOS/KISER	FY19/20 Q4 PASIS	17,281.00
04 1 2020	STMT 04/2020	Employee Benefit Specialists, Inc.	Dental/Vision/Life 04/2020	8,541.67
04 10 2020	PR AP 04/10/20	LINCOLN NATIONAL	LINCOLN NAT'L PMT 04/10/20	2,508.37
04 10 2020	PR AP 04/10/20	FALLBROOK FIREFIGHTERS' ASSN	FFA DUES PR 04/10/20	2,345.65
04 10 2020	PR AP 4/10/20	FALLBROOK FIREFIGHTERS' ASSN	FFA SR DUES PR 04/10/20	28.08
04 10 2020	PR AP 04/10/20	FIREFIGHTERS LEG. ACTION GRP	FLAG PMT 04/10/2020	82.00
04 1 2020	LTD 04/2020	Harry J. Wilson Insurance Center	LTD 04/2020	1,044.00
04 1 2020	STMT 04/2020	THE STANDARD	LTD 04/2019	550.00
04 2 2020	37313894299	DIRECTV	04/01/20-04/30/20	152.99
04 3 2020	03/05/20-04/03/20	FALLBROOK PUBLIC UTILITY DISTR	03/05/20-04/03/20	340.36
04 3 2020	03/05/20-04/03/20-03	FALLBROOK PUBLIC UTILITY DISTR	03/05/20-04/03/20	252.59
04 1 2020	010421020	GROSSMAN PSYCHOLOGICAL ASSOC., INC.	Psych x 3	1,625.00
04 2 2020	0381456040220	TIME WARNER CABLE	04/02/20-05/01/20	337.93
04 2 2020	0381472040220	TIME WARNER CABLE	04/02/20-05/01/20	1,142.93
04 6 2020	79053205	WAXIE SANITARY SUPPLY	Clean touch towels	265.39
04 8 2020	1096	Western Extrication Specialists, Inc.	Generator repair Sta. 1	1,191.74
04 24 2020	PR AP 04/24/20	FALLBROOK FIREFIGHTERS' ASSN	FFA DUES PR 04/24/20	2,345.65
04 24 2020	PR AP 4/24/20	FALLBROOK FIREFIGHTERS' ASSN	FFA SR DUES PR 04/24/20	29.25
04 24 2020	PR AP 04/24/20	FIREFIGHTERS LEG. ACTION GRP	FLAG PMT 04/24/20	82.00
04 24 2020	PR AP 04/24/2020	LINCOLN NATIONAL	LINCOLN NAT'L PMT	2,433.24
04 14 2020	00D0036333755	READY FRESH	03/11/20-04/10/20	48.23
04 8 2020	04/09/20-05/08/20	AT&T U-VERSE	04/09/20-05/08/20	146.64
04 21 2020	MEDIC RECERT 20-22	RICHARD BERRY	Medic recert 20-22	200.00
04 16 2020	PA642	Dominic Fieri	PA642	1,633.99
04 21 2020	EMT RENEW 20-22	EDGAR GUZMAN	EMT renewal - Guzman	125.50
04 1 2020	200418	OSTARI	IT support 04/2020	1,850.00
04 2 2020	498455	SOUTH COAST EMERGENCY VEHICLE SERV	Pulley/tensioner	913.59
04 11 2020	0417565041120	TIME WARNER CABLE	04/11/20-05/10/20	96.98
04 22 2020	OL-328	Charlie Swanger	OL-328	900.00
04 1 2020	9851557503	VERIZON WIRELESS	03/02/20-04/01/20	77.26
04 1 2020	099950914	XEROX - PASADENA	02/21/20-03/21/20	157.43
04 1 2020	099950915	XEROX - PASADENA	02/21/20-03/21/20	325.99
04 22 2020	FSC3510	Matt Anderson	FSC3510	810.00
04 22 2020	10D9901381948	READY FRESH	03/21/20-04/20/20	38.78
04 1 2020	177032	ADMINISTRATIVE SOLUTIONS	Admin fee - April 2020	108.00
04 13 2020	287294515164A0421202	AT&T Mobility	03/14/20-04/13/20	1,577.58
04 12 2020	1207943733	Citrix Systems, Inc	GoTo Mtg 04/12/20-05/11/20	117.00
04 1 2020	STMT 04/15/20	FALLBROOK OIL COMPANY	Fuel 04/01/20-04/15/20	2,041.36
04 20 2020	10839	FALLBROOK PROPANE GAS CO.	Propane Sta. 4	231.90
04 23 2020	03/21/20-04/23/20	FALLBROOK PUBLIC UTILITY DISTR	03/21/20-04/23/20	535.53

Document Date	Document Number	Vendor Name	Transaction Description	Document Amount
04 23 2020	03/21/20-04/23/20-00	FALLBROOK PUBLIC UTILITY DISTR	03/21/20-04/23/20	58.42
04 8 2020	32721	LineGear	(3) Wildland pants	591.12
04 8 2020	32722	LineGear	(6) Gear bags, 10 Streamlights	1,426.25
04 8 2020	32723	LineGear	(10) Strealights/ (5) Wildland	2,107.70
04 7 2020	IO57078	NATIONWIDE MEDICAIL/SURGICAL	(1) Fetanyl	70.80
04 14 2020	IO57348	NATIONWIDE MEDICAIL/SURGICAL	(1) Fentanyl	51.85
04 15 2020	IO57388	NATIONWIDE MEDICAIL/SURGICAL	(1) Fentanyl	51.85
04 17 2020	STMT 04/17/20	POSTAL ANNEX #25	Shipping	31.23
04 24 2020	PT SHOES FY19/20	NICKOLAS QUINN	PT Shoes FY19/20	30.00
04 10 2020	03/11/20-04/10/20-00	RAINBOW MUNICIPAL WATER DIST	03/11/20-04/10/20	147.66
04 10 2020	03/11/20-04/10/20-02	RAINBOW MUNICIPAL WATER DIST	03/11/20-04/10/20	210.43
04 10 2020	03/11/20-04/10/20-01	RAINBOW MUNICIPAL WATER DIST	03/11/20-04/10/20	14.81
04 10 2020	A767548	ROAD ONE	Tow Pierce eng.	360.00
04 16 2020	820229	Southern Counties Lubricants	Oil/Filters	516.69
04 23 2020	03/20/20-04/21/20-15	SDG&E	03/20/20-04/21/20	45.62
04 24 2020	03/23/20-04/22/20-32	SDG&E	03/23/20-04/22/20	144.66
04 24 2020	03/23/20-04/22/20-37	SDG&E	03/23/20-04/22/20	104.18
04 20 2020	0000240042020	TIME WARNER CABLE	04/20/20-05/19/20	149.95
04 4 2020	52107	Uniform Plus	Glasgow uniform	140.92
04 8 2020	100269	UNIFORM SPECIALIST/ACE UNIFORMS	DeWoody uniform	536.81

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NORTH COUNTY FIRE PROTECTION DISTRICT

FIRE CHIEF/CEO

TO: BOARD OF DIRECTORS

FROM: STEPHEN ABBOTT, FIRE CHIEF/CEO

DATE: MAY 26, 2020

SUBJECT: APPROVAL OF POLICIES AND PROCEDURES

The following Policies and Procedures are being presented for review and approval:

1. <u>Budget and Fund Management: Reserve Fund Balance Reporting</u>
   - New policy to address how Capital Improvements are planned for and funded.

CAPITAL IMPROVEMENT PLAN FUNDING

1.0. **PURPOSE:**

1.1. A Capital Plan (Capital Improvement Program) is a multi-year financial plan that lists and describes capital projects a local government plans to undertake, indicates how projects will be funded and projects the effect of the plan on key financial variables.

1.2. A Capital Project results in the acquisition or increased value of a capital asset (e.g. land, land improvements, infrastructure and equipment, etc.).

1.3. The Government Finance Officers Association (GFOA) recommends that state and local governments prepare and adopt comprehensive, fiscally sustainable, multi-year capital plans. A multi-year capital plan is intended to identify and prioritize expected capital needs based on strategic priorities and operational needs, establish project scope and cost, detail estimated amounts of funding from various sources, and project future operating and maintenance costs.

2.0. **POLICY:**

2.1. The District shall adopt a Multi-Year Capital Plan spanning at least five years in conjunction with the annual budget and five-year financial planning processes. The Capital Plan should include all of the District's planned capital projects. To qualify as a capital project, the asset or improvement should have:

2.1.1. Monetary value (cost) of at least $5,000; and

2.1.2. Useful life of at least five years.

2.2. The Capital Plan should incorporate the following elements as relevant and appropriate:

2.2.1. Assessment of the physical condition of existing capital assets;

2.2.2. Strategic plans, capital equipment plans, facility master plans, including changes in federal, state, and county policy and regulations;

2.2.3. Prioritization of capital needs based on established policy; and

2.2.4. Financial strategies and sources of funding:

2.1.1.1 For the acquisition or improvements associated with the project; and
2.1.1.2 For the subsequent annual operation and maintenance costs of the capital asset throughout its life.

FY	Year Purchased			NOTES	cost	life	depreciation		Year to replace	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
2019/20	2019	Engines	19022		$ 750,000.00	15	$ 50,000.00		2034											
2019/20	2019	Engines	19023		$ 750,000.00	15	$ 50,000.00		2034											
2011/12	2012	Engines	12020		$ 750,000.00	15	$ 50,000.00		2027										$ 750,000	
2011/12	2012	Engines	12021		$ 750,000.00	15	$ 50,000.00		2027											$ 750,000
2008/09	2008	Engines	08018		$ 750,000.00	15	$ 50,000.00		2023				$ 723,000							
2019/20	2018	Wildland	18317		$ 412,810.00	15	$ 27,520.67		2033											
2002/03	2002	Wildland	02314		$ 412,810.00	15	$ 27,520.67		2017		$ 400,000									
2002/03	2002	Wildland	02312	Not replaced					Not Replaced											
2018/19	2018	Ambulances	18422		$ 220,000.00	3.5	$ 62,857.14		2022	$ 150,000		$ 110,000						$ 220,000		
2017/18	2018	Ambulances	18421		$ 220,000.00	3.5	$ 62,857.14		2022					$ 110,000						$ 220,000
2016/17	2017	Ambulances	17420		$ 220,000.00	3.5	$ 62,857.14		2021							$ 110,000				
2008/09	2009	MS113	09015	Not replaced					Not Replaced											
2004/05	2005	WT113	05315	Not replaced					Not Replaced											
2017/18	2017	Battalion's Chief Vehic	17639		$ 70,000.00	10	$ 7,000.00		2027									$ 70,000		
2018/19	2018	Staff Vehicles 1102	18640		$ 57,000.00	10	$ 5,700.00		2028										$ 57,000	
2016/17	2017	Staff Vehicles 1105	17628		$ 57,000.00	10	$ 5,700.00		2027											
2007/08	2008	Staff Vehicles 1104	08535	MSO in an esc	$ 57,000.00	10	$ 5,700.00		2018	$ 30,000										$ 57,000
2007/08	2008	Staff Vehicles 1101	08636		$ 57,000.00	10	$ 5,700.00		2018	$ 57,000										
2003/04	2004	Staff Vehicles admin c	04630	Becomes FM ir	$ 57,000.00	10	$ 5,700.00		2014		$ 57,000									
2004/05	2004	Staff Vehicles 1151	04632	Escape	$ 30,000.00	10	$ 3,000.00		2014		$ 30,000									
2004/05	2004	Staff Vehicles 1152	04631	Escape	$ 30,000.00	10	$ 3,000.00		2014		$ 30,000									
2000/01	2000	F450 shop truck	00626		$ 150,000.00	15	$ 10,000.00		2015			$ 150,000								
2002/03	2003	P/U shop spare	03629		$ 65,000.00	15	$ 4,333.33		2018			$ 65,000								
2001/02	2002	P/U 1182	02528	Not replaced					Not Replaced											
2000/01	2001	P/U 1181	01627	Not replaced					Not Replaced											
2007/08	2008	Spare	08634	Not replaced					Not Replaced											
2007/08	2008	Van	08537	Not replaced					Not Replaced											
	2017	12-Lead EKGs			$ 303,000.00	10	$ 30,300.00		2027									$ 303,000		
	2016	800 MHz Radios			$ 579,815.00	15	$ 38,654.33		2031											
		VHF Radios Portables			$ 170,000.00	15	$ 11,333.33		2024						$ 170,000					
	2016	Gurneys			$ 50,000.00	7	$ 7,142.86		2023					$ 50,000						
	2016	Gurney Retention System			$ 75,000.00	7	$ 10,714.29		2023				$ 75,000							$ 75,000
	2009	SCBAs			$ 559,000.00	15	$ 37,266.67		2024						$ 559,000					
	2013	Autopulse			$ 36,000.00	7	$ 5,142.86		2020			$ 36,000							$ 36,000	
	2017	Server			$ 5,000.00	5	$ 1,000.00		2022											
	2020	Hydraulic Lift			$ 120,000.00	25	$ 4,800.00		2045											
	2019	Forklift			$ 38,000.00	20	$ 1,900.00		2039	$ 38,000										
	2021	Wheel lift II			$ 40,000.00	20	$ 2,000.00		2041		$ 40,000									
	2005	Wheel lift II			$ 40,000.00	20	$ 2,000.00		2025							$ 40,000				
	2018	Detox Units			$ 20,000.00	5	$ 4,000.00		2023											
	2010	Station Generators			$ 35,000.00	25	$ 1,400.00		2035											
	2019	Microwave System			$ 150,000.00	10	$ 15,000.00		2029											
	2019	Compressor			$ 65,000.00	25	$ 2,600.00		2044											
	2000	Fleet Maint. Hose Ree			$ 20,000.00	20	$ 1,000.00		2020		$ 20,000									
	2011	Extrication Unit 1			$ 45,000.00	10	$ 4,500.00		2021			$ 45,000								
	2013	Extrication Unit 2			$ 45,000.00	10	$ 4,500.00		2023					$ 45,000						
	2015	Extrication Unit 3			$ 45,000.00	10	$ 4,500.00		2025							$ 45,000				
	2017	Extrication Unit 4			$ 45,000.00	10	$ 4,500.00		2027									$ 45,000		
	2020	Tire Machine			$ 20,000.00	15	$ 1,333.33		2035	$ 20,000										
								Requested for purchase		$ 295,000	$ 557,000	$ 361,000	$ 800,000	$ 160,000	$ 729,000	$ 150,000	$ -	$ 393,000	$ 843,000	$ 1,102,000
					Required for CIP		$ 745,033.76	Current Debt Service: Loans		$ 488,694	$ 478,347	$ 392,239	$ 1,276,786	$ -	$ -	$ -	$ -	$ -	$ -	$ -
					Need for budget		$ 745,000.00	Change to Reserve(above/below CIP Plan)		$ (38,694)	$ (290,347)	$ (8,239)	$ (1,331,786)	$ 585,000	$ 16,000	$ 595,000	$ 745,000	$ 152,000	$ (98,000)	$ (357,000)
					**Ambulance is only half due to FHD			Balance to Reserve Account		$ 361,306	$ 670,759	$ 662,519	$ (669,267)	$ (84,257)	$ (68,257)	$ 526,733	$ 1,271,733	$ 1,423,733	$ 1,325,733	$ 968,733

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NORTH COUNTY FIRE

PROTECTION DISTRICT

FIRE PREVENTION BUREAU

TO: BOARD OF DIRECTORS

FROM: F/M FIERI AND CHIEF ABBOTT

DATE: MAY 26, 2020

SUBJECT: FIRE PREVENTION PROGRAMS: SET PUBLIC HEARING DATE FOR FIRE MITIGATION PLAN

ACTION AGENDA

RECOMMENDATION:

➢ Fire Mitigation Program: Set public hearing date of **July 28, 2020 at 4:15 p.m.** for the adoption of Resolution establishing a Multi-Year Facilities and Equipment Plan for the Fire Mitigation Program.

BACKGROUND:

The District is required to adopt a Multi-Year Facilities and Equipment Plan to participate in the County Fire Mitigation Fee Program. The Multi-Year Plan is required to be updated annually.

DISCUSSION:

Adoption of a Multi-Year Plan and the Annual Report permits the District to continue to participate in the Fire Mitigation Fee Program. This allows the District to collect developer impact fees to offset the increased demands upon the District's infrastructure. Documentation supporting the fee schedule for Mitigation Fees and the Multi-Year Plan will be presented at the July meeting.

FISCAL ANALYSIS: No fiscal changes at this time.

SUMMARY:

➢ Staff recommends setting a time certain public hearing date of **July 28, 2020 at 4:15 p.m.** for the adoption Resolution establishing a Multi-Year Facilities and Equipment Plan for the Fire Mitigation Program.

PUBLIC NOTICE

NOTICE IS HEREBY GIVEN THAT THE BOARD OF DIRECTORS OF THE NORTH COUNTY FIRE PROTECTION DISTRICT, 330 South Main Avenue, Fallbrook, California, County of San Diego, will conduct a Public Hearing on **Tuesday, July 28, 2020, at a time certain of 4:15 p.m.** at the Fallbrook Public Utility District, 990 East Mission Road, Fallbrook, California, OR alternatively, if COVID-19 meeting restrictions continue to apply, the public hearing will be TELEPHONIC, to establish a **Multi-Year Facilities and Equipment Plan for the Fire Mitigation Fee Program** to comply with Government Code §§66000-66002 and the County of San Diego Fire Mitigation Fee Ordinance.

Any taxpayer may appear at said time and place and be heard regarding this item.

Dominic Fieri, Fire Marshal
North County Fire Protection District
(760) 723-2010

BY ORDER OF THE BOARD OF DIRECTORS OF THE NORTH COUNTY FIRE PROTECTION DISTRICT.

Loren Stephen-Porter
Board Secretary
Dated: May 26, 2020

NORTH COUNTY FIRE PROTECTION DISTRICT

ADMINISTRATIVE SERVICES

TO: BOARD OF DIRECTORS

FROM: CHIEF ABBOTT AND DEPUTY CHIEF MAROVICH

DATE: MAY 26, 2020

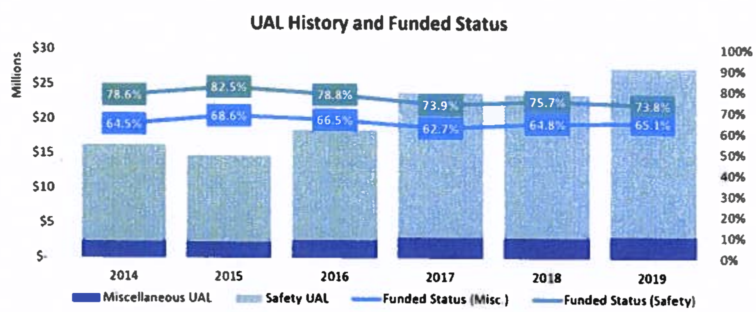
SUBJECT: 2020 CALPERS UAL RESTRUCTURING – APPROVAL OF TRUST AGREEMENT, BOND PURCHASE AGREEMENT, PRELIMINARY OFFICIAL STATEMENT FOR ISSUANCE OF PENSION OBLIGATION BONDS; APPROVAL OF DEBT MANAGEMENT POLICY AND CONTINUING DISCLOSURE POLICY

ACTION AGENDA

RECOMMENDATION:

It is recommended that the District Council adopt Resolution No. 2020-05 confirming the issuance of Pension Obligation Bonds and approving Official Statement, Trust Agreement, Bond Purchase Agreement and related actions, and authorize staff to pursue a formal credit rating through S&P Global Ratings.

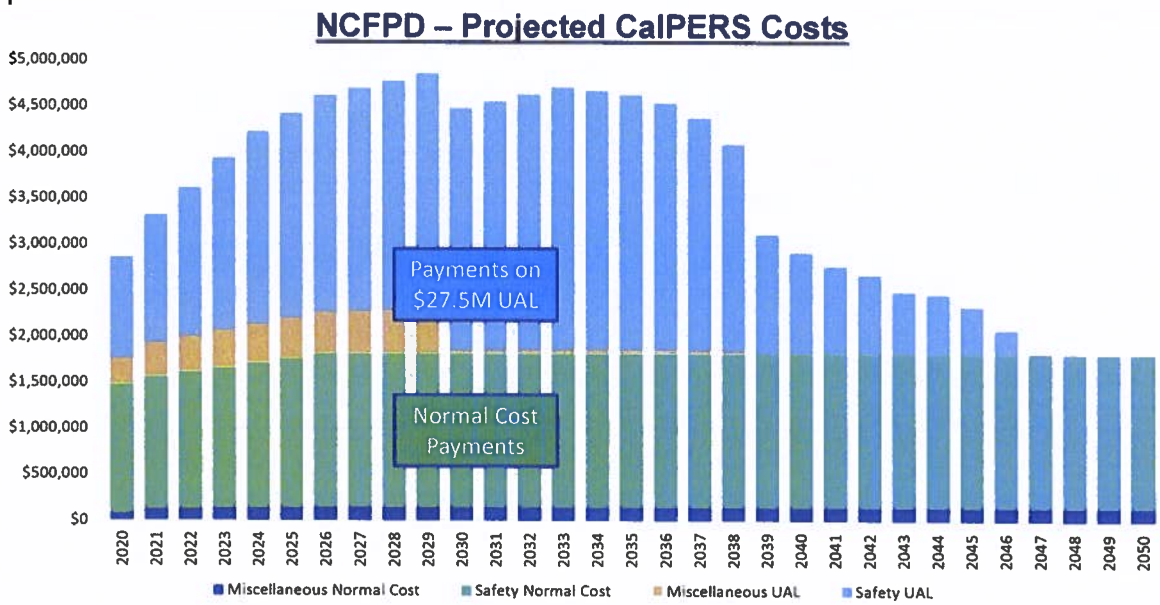
BACKGROUND:



Over the last several years, the North County Fire Protection District's (the "District") unfunded accrued liability ("UAL") for its CalPERS Plans has grown from $16.4 million to over $27 million, with funding ratios dipping to 73.8% for the Safety Plan and 65.1% for the smaller Miscellaneous Plan. Annual payments to CalPERS have grown rapidly: from $2.2 million in FY 2015 to $3.4 million projected for FY 2021 and are projected to be around $5 million by FY 2029.

These annual costs are comprised of (1) the "Normal Cost" which are the payments to cover benefits to current employees and (2) the "UAL payments" which represent the payments to amortize the shortfall/gap between what is needed to pay retiree benefits vs. how much in current assets the District actually has in its accounts with CalPERS. The District's $27.5M UAL is not repaid all at once but is amortized over a longer period (different components are amortized over different time periods, with most between 10 and 25 years) at an interest rate of 7.0%. Pension cost increases are the largest financial challenge facing most agencies throughout the state and are primarily due to factors outside of agencies' control, namely assumption changes made by CalPERS and below average investment returns.

The chart below provides a current snapshot of the District's estimated CalPERS payments, with Normal Costs by Plan shown in dark blue and teal, and UAL payments by Plan shown in orange and light blue. The UAL payments shown are based on the most recent actuarial CalPERS valuation report, and currently are scheduled to be paid through FY 2046. The Normal Cost estimates through FY 2025 are based off the same actuarial valuation report, and then projected out with no growth thereafter for illustrative purposes.



Discussion:

In January of 2020, the District Chief and Deputy Fire Chief discussed with NHA Advisors, Brandis Tallman and Stradling Yocca Carlson & Rauth the concept of restructuring a portion of the District's UAL using a Pension Obligation Bond (POB). Staff and NHA Advisors ("NHA") then made a presentation to the Board in February to discuss the concept in more detail, including potential benefits and risks. In April, the Board also adopted a Pension Funding Policy which will help provide guidance on managing pension costs moving forward.

Since that time, District staff has worked with NHA as its Municipal Advisor to explore dozens of structuring options for the proposed 2020 POBs. These include various sizes of UAL paid off, different repayment shapes of the debt, and different maturities of the debt (ranging from 20 to 26 years). As will be shown further down in the Proposed Structure section, the District is proposing to issue 20-year POBs. While this term is shorter than was initially contemplated, the District is interested in minimizing the proposed interest rate while maximizing overall savings, as opposed to solely maximizing near term savings (which a longer maturity could help with). Concurrently, the District's Bond and Disclosure Counsel (Stradling) began drafting the necessary legal documents and investor disclosure and the District's underwriter (Brandis) has been monitoring the taxable bond market to assess potential interest rates for the District's proposed POBs.

The District and its team are also preparing for a credit presentation with S&P Global Ratings ("S&P"), which will be the District's inaugural rating. With approval of the POB on May 26th by the District Board and a final credit rating in hand, the District and its team will re-assess the market in early June to see if the District's desired interest rate targets can be met. In the event market conditions at the time do not facilitate the District's objectives, the District will have the choice to delay (and further monitor the market) or not execute the transaction.

The District has been carefully exploring the concept of using POBs for the following reasons:

POB Benefits:

- **Fiscal Sustainability Tool:** Ability to "re-shape" the District's overall pension repayment in a way that creates enhanced long-term fiscal sustainability and budgetary predictability.

- **Near-Term Budgetary Savings:** By modifying the current near term "peak" or ("shark-fin") in scheduled payments into a more predictable (i.e. level or nearly level) structure, near-term cash flow savings are created. As detailed below, the District's projected savings from the proposed POB are estimated at $5.84 million.

- **Interest Rate Savings "Arbitrage":** District can borrow at rates much lower (currently around 4%) than those CalPERS is charging on the UAL debt (7%).

- **Increase Funding Ratio:** The District's current CalPERS Safety ratio is 74%; estimated funding ratio after the proposed POB will be about 95%.

- **Enhanced Resiliency to Handle Future Potential Economic Shocks:** Creating a lower and more affordable payment shape will provide the District with enhanced capacity to handle future adverse impacts, such as new UAL added by CalPERS.

POB Risks and Considerations:

- **Reinvestment Risk:** Projected POB savings assume that CalPERS earns 7% on average over the next 20 years. Actual POB savings are expected to be lower if CalPERS earns less than 7% and higher if CalPERS earns more than 7% over the term of the POB. The rule of thumb is that the POB will generate savings for the District if CalPERS earns higher than the rate paid on the bonds (estimated at 4.0%). While there is a chance that CalPERS earns less than 4% over 20 years, history suggests the likelihood of this outcome being low in light of their long-term performance track record (30-year returns through FY 2019 are 8.1%, 20-year returns are 5.8%, and 10 year returns are 9.1%. Additionally, historical investment return trends have shown that CalPERS' investment performance following a market correction tends to produce investment returns above the average.

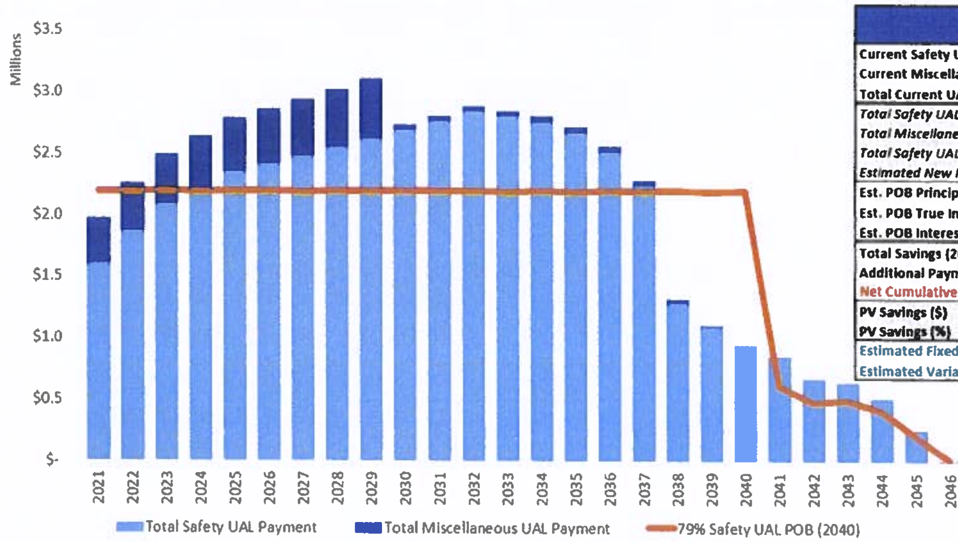
- **GFOA Concerns:** The GFOA (Government Finance Officers Association) has cautioned public agencies in 2015 regarding the issuance of POBs. As detailed further in a presentation to be delivered to the Board on May 26th, while the GFOA's primary concern of reinvestment risk is certainly applicable, it is believed that the other five areas of concern outlined do not apply to the District's proposed 2020 POBs, as will be described further on Mary 26th. The proposed 2020 POBs do not involve derivatives (swaps), will include a call feature (flexibility for the District to prepay in the future) and are expected to augment the District's credit profile given the enhanced affordability of pension costs presented through the POB.

Proposed Structure of 2020 POBs:

After thoroughly evaluating over a dozen options with its Municipal Advisor, the District is seeking to pay off about 79% of its Safety UAL, bringing the funding ratio of that plan to 95%. The District will leave the smaller Miscellaneous Plan UAL outstanding as that UAL has already been placed on a 9-year "Fresh Start" repayment schedule with CalPERS. As shown in the orange line below, new aggregate (POB + Unrefunded UAL) payments will be smoothed/leveled out over the next 20 years before declining in FY 2041.

Estimated total savings is over $5.8 million as shown in the table below, which equates to about $4.49 million on a present value (PV) basis. At the February meeting with the Board, the three options shown illustrated between $1 million and $5 million of cumulative savings. This new proposed structure has been optimized through a more efficient payoff strategy of the District's various amortization layers with CalPERS, which has generated increased projected savings. A more detailed comparison of current UAL payments vs. new proposed payments can be found in the table in Exhibit G.

NCFPD – Estimated Savings and Structure of 2020 POBs



Summary Metrics	79% Safety POB (2040)
Current Safety UAL	$25,446,751
Current Miscellaneous UAL	$3,023,535
Total Current UAL	$28,470,286
Total Safety UAL Funded with POB ($)	*$20,000,000*
Total Miscellaneous UAL Funded with POB ($)	*$0*
Total Safety UAL Funded with POB (%)	*79%*
Estimated New Funded Ratio of Safety Plan	*95.4%*
Est. POB Principal Amount	$20,315,000
Est. POB True Interest Cost (TIC)	4.05%
Est. POB Interest Rate (w/ Costs)	4.14%
Total Savings (2021-2037)	$8,330,327
Additional Payments (Beyond 2037)	(2,488,187)
Net Cumulative Savings	$5,842,141
PV Savings ($)	$4,493,675
PV Savings (%)	22.47%
Estimated Fixed Costs of Issuance (COI)	$170,000
Estimated Variable Costs	$142,205

Note: Figures shown are preliminary estimates for illustration; lines represent combined POB + other unrefunded UAL payments

Upon approval of the Resolution, the District's financing team will move forward with this financing with a goal of capitalizing on historically low interest rates if certain parameters can be met.

RESOLUTION 2020-05:

The Resolution (Exhibit A) being approved tonight authorizes staff to complete the POB financing, and approves forms of the following documents:

1. Trust Agreement (Exhibit B); and
2. Preliminary Official Statement (Exhibit C; includes a continuing disclosure certificate); and
3. Bond Purchase Agreement (Exhibit D); and
4. Debt Management Policy (Exhibit E); and
5. Continuing Disclosure Policy (Exhibit F)

DOCUMENTS FOR REVIEW AND APPROVAL:

Trust Agreement: This document contains the terms of the Bonds, including payment and redemption provisions, definition and pledge of Revenues to pay the Bonds, Rights and Duties of the Trustee, remedies upon a default in the payment of the Bonds and final discharge of the Bonds and other related matters.

Preliminary Official Statement: Disclosure Counsel prepares a preliminary Official Statement with input from the financing team including tables relating to the District's finances. Following Board authorization, the preliminary Official Statement will be distributed by the Underwriter and used as the primary marketing document to prospective bond purchasers. A table of contents identifies critical topics such as the plan of finance, security for the bonds, information on the District (management and finances), the continuing disclosure requirements and the form of opinion of bond counsel. The agenda packet includes a draft of the preliminary Official Statement that the financing team considers to be essentially final. A final Official Statement will be made available shortly after the POBs are sold; it will be identical to the preliminary Official Statement except that it will reflect the final bond sale information.

The distribution of the preliminary Official Statement and the final Official Statement is subject to the federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the preliminary Official Statement to include all facts that would be material to an investor in the POBs. Material information exists where there is a substantial likelihood that the information would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell securities. The Securities and Exchange Commission (SEC), the agency with regulatory authority over compliance with the federal securities laws, has indicated that if a member of a legislative body, like the Board, has knowledge of any facts or circumstances that an investor would want to know prior to investing in securities, like the POBs, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the preliminary Official Statement. The steps that a member of the Board could take to fulfill this obligation include becoming familiar with the preliminary Official Statement and questioning staff and other members of the financing team about the disclosure of such facts.

Bond Purchase Agreement: An agreement between the District and Brandis Tallman, as Underwriter, whereby the Underwriter will agree to purchase the POBs contingent upon the District satisfying the obligations imposed within the agreement. The Underwriter agrees to make a bona-fide public offering of the bonds in an "arms-length" transaction.

Debt Management Policy: The purpose of the Debt Management Policy is to provide clear and comprehensive guidelines for the issuance and financial management of debt issued by the District. Senate Bill No. 1029, adopted in 2016 and codified at Section 8855(i) of the Government Code, requires that an issuer have a Debt Management Policy in place prior to the issuance of debt. This Debt Management Policy, as presented to the District Board for approval, fulfills the District's requirements for local debt policies in accordance with SB 1029. The Debt Management Policy identifies the reasons why the District and its related entities may issue debt, designates responsibilities, defines several key terms, formalizes District policies regarding various debt structuring considerations, and outlines the ongoing requirements related to tax compliance, disclosure, and bond administration. The policies are intended to apply both to the District and its affiliated entities.

<u>*Continuing Disclosure Certificate (Included in POS) and CD Policy:*</u> SEC Rule 15c2-12 requires the underwriter of an issue of municipal securities to obtain a commitment by the issuer of the securities to provide ongoing disclosure. The Continuing Disclosure Certificate -- which is attached to the preliminary Official Statement -- requires the District, as the obligated party with respect to the POBs, to provide two types of ongoing disclosure – an annual report each year, and timely notices of certain types of events that are likely to be material to investors, if and when any occur. The District has contracted with its Municipal Advisor to provide these annual updates and is also recommending the approval of a Continuing Disclosure Policy that, similar to the District's new Pension Funding Policy, provides guidance on how this annual process will be executed.

Not to Exceed Amounts: The Resolution also includes a not-to-exceed par amount of $21 million and a not-to-exceed interest rate of 4.25%.

<u>ANTICIPATED SCHEDULE</u>:

Upon approval of the Preliminary Official Statement, legal documents, and Bond Purchase Agreement, the District's financing team will begin the process of marketing the POBs to investors. It is expected that the earliest District will sell its POBs is in early June, with a closing around June 19th. However, it is important to note that the District's financing team is actively monitoring current market conditions and other financing considerations in determining the best time to sell the bonds into the market. After the Board approves the resolution, the financing team is prepared to move quickly to sell the POBs at the optimal time and maximize the District's benefit.

<u>GOOD FAITH ESTIMATES</u>:

The good faith estimates discussed below with respect to the 2020 POBs are provided in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided by NHA Advisors, the District's Municipal Advisor, in consultation with Brandis Tallman, as Underwriter of the 2020 POBs, and are based on assumptions of the Estimated Principal Amount of the 2020 POBs and on market interest rates prevailing at the time such estimate is prepared. The estimates assume that the District issues one series of POBs. If executed in multiple series, the costs estimates would be different than shown below.

<u>Principal Amount</u>: The Municipal Advisor has informed the District that, based on the District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the 2020 POBs to be sold (the Estimated Principal Amount) is $20.3 million.

<u>True Interest Cost of the Bonds</u>: The Municipal Advisor has informed the District that its good faith estimate of the true interest cost of the 2020 POBs (which is the rate

necessary to discount the amounts payable on the respective principal and interest payment to the purchase price received for the Bonds) is 4.05%.

Finance Charge of the Bonds: The Municipal Advisor has informed the District that its good faith estimate of the finance charge for the 2020 POBs (which is the sum of all fees and charges paid to third parties, or costs associated with the 2020 POBs) is $312,205. Such fees and charges include fees for bond and disclosure counsel, municipal advisor, trustee, rating agencies, printing and underwriting.

Detailed estimates of these fees for each party are below:

- Underwriting: $142,205 (0.7% of par)
- Rating Agency: $22,750
- Bond/Disclosure Counsel: $70,000
- Municipal Advisor: $57,500
- Trustee, Printing and Miscellaneous: $19,750

These fees are all paid for with bond proceeds. Bond Insurance is not currently assumed to be available. If available, and the actual cost of bond insurance is determined to be lower than the additional savings (from lower interest rates) it generates, a bond insurance policy could be potentially be purchased closer to the time of pricing. Estimated savings from the proposed 2020 POBs take into account all of these costs.

Amount of Proceeds to be Received: The Municipal Advisor has informed the District that its good faith estimate of the amount of proceeds expected to be received by the District for sale of the 2020 POBs (less the finance charge of the 2020 POBs, as estimated above, and any reserves funded with proceeds of the 2020 POBs) is $20.0 million.

Total Payment Amount: The Municipal Advisor has informed the District that its good faith estimates of the total payment amount of all payments the District will make to pay debt service on the 2020 POBs calculated to the final maturity of the 2020 POBs is $30.3 million.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the 2020 POBs issued and sold, the true interest cost, the finance charges, the amount of proceeds received, and the total payment amount may differ from such good faith estimates due to:

1. The actual date of the sale of the 2020 POBs being different than the date assumed for purposes of such estimates;

2. The actual principal amount of the 2020 POBs sold being different from the Estimated Principal Amount;

3. The actual amortization of the 2020 POBs being different than the amortization assumed for purposes of such estimates;

4. The actual market interest rates at the time of sale of the 2020 POBs being different than those estimated for purposes of such estimates;

5. Other market conditions; or

6. Alterations in the District's financing plan, delays in the financing, additional legal work (including federal tax law due diligence), or a combination of such factors.

The actual date of sale of the 2020 POBs and the actual principal amount of 2020 POBs sold will be determined by the District based on the timing of the need for proceeds of the 2020 POBs and other factors. The actual interest rates and amortization of the 2020 POBs will depend on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the control of the District. If market rates change so that the transaction is no longer financially beneficial, the District can terminate the transaction at any time before the refunding bonds are issued.

Fiscal Analysis:

Costs to execute the issuance of the POBs is included in the financing and there is no general impact to General Fund budget related to those costs; the only cost that is non-contingent is the credit rating fee, which has a cost of $22,750. However, in the event this transaction was to be delayed, it is anticipated that the credit rating fee can still be financed by the bond issuance at a later financing date. Cumulative savings is estimated at $5.84 million and savings are projected to average $490,000 from FY 2021 – 2036. Total net present value savings is approximately $4.49 million over the 20-year term of the POBs.

Summary:

Staff recommends the Board approve this resolution so that staff and the financing team can finalize the issuance, sale and delivery of the 2020 POBs if market conditions prove advantageous.

ATTACHMENTS
Exhibit A – Resolution No. 2020-05
Exhibit B – Trust Agreement
Exhibit C – Preliminary Official Statement
Exhibit D – Bond Purchase Agreement
Exhibit E – Debt Management Policy
Exhibit F – Continuing Disclosure Policy
Exhibit G – Estimated Savings Analysis

North County Fire Protection District
2020 Pension Obligation Bonds

North County
Fire Protection District

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Financial & Policy Strategies. Delivered.

Table of Contents

I. Executive Summary

Project Schedule To Date

January	District staff discusses POB concept with financing team
February	Presentation of POB concept (benefits, risks and preliminary options) to Board
March	District adopts formal pension funding policy
February - May	Over a dozen UAL restructuring options evaluated (different sizes/maturities); Investor disclosure (POS) and legal documents drafted
May 26	Board approval of POB financing & financial policies

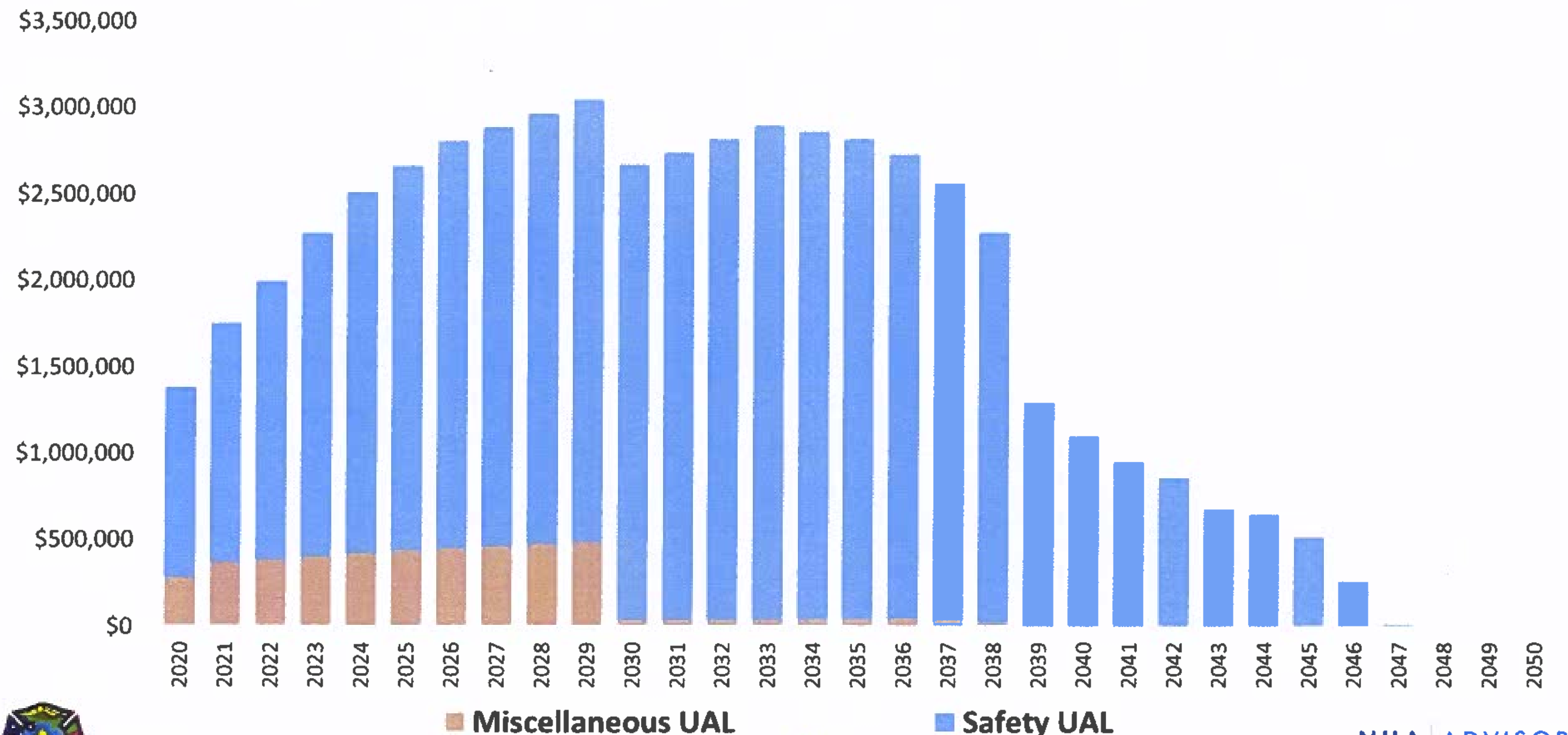
North County
Fire Protection District

Legal/Disclosure Documents & Policies for Approval

- **Resolution:** Authorizes Staff to complete POB financing and approves forms of the following documents:
  - **Trust Agreement**: Details the terms of the Bonds, including payment and redemption provisions, rights and duties of the trustee and other related matters
  - **Preliminary Official Statement ("POS")**: Primary marketing and disclosure document to prospective bond purchasers
  - **Bond Purchase Agreement**: Agreement between the District and underwriter, whereby the Underwriter will agree to purchase the Bonds and make a bona-fide public offering of the Bonds
  - **Debt Management Policy (*legally required*)**: Policy to provide clear and comprehensive guidelines for the issuance and financial management of debt issued by the District
  - **Continuing Disclosure Certificate & Policy**: The Certificate (attached to the POS and *legally required*) certifies the commitment of the District to provide annual ongoing disclosure in accordance with SEC regulations; the Policy (*not legally required, but recommended*) provides guidance on how this annual process will be executed

II. Projected Repayment Shape of CalPERS UAL Debt (Unfunded Accrued Liability)

Projected Repayment Schedule on $28M UAL – Amortized at 7% Rate



North County Fire Protection District

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III. UAL Restructuring Strategy

Pension Bond - Conceptual Overview

- District borrows money to pay off some or all its debt (UAL) with CalPERS
  - Typical method is through a Pension Obligation Bond (POB)
    - Bond is issued to investors
  - Interest rate is lower (currently < 4.25%) than 7% CalPERS charges on UAL debt
- Objective is to "re-shape" the overall pension liability payment(s) – paid to CalPERS and investors – that provides for better:
  - Budget predictability and affordability
  - Long-term fiscal sustainability
  - Cash flow savings

Selected Recent POB Issuances

- POBs were commonplace in the 1990s and 2000s
  - 150+ issued nationwide; over 75 in CA
- After San Bernardino and Stockton bankruptcies, investors became skittish about purchasing POBs and issuance dried up
- Over last 2 years, investor interest in POBs has grown; feasible for agencies who have a strong credit rating ("A" or higher)
- Near record low interest rates in bond market have resulted in strong interest in POBs by CalPERS members
  - Other POB issuances in process include: Cities of Chula Vista, Azusa, Carson, El Monte, El Cajon, Montebello, Pomona, Inglewood, Riverside and several others

Ontario	Larkspur	Riverside County	Pasadena	Monterey Regional Fire District	Pacifica
(2020)	(2020)	(2020)	(2020)	(2019)	(2019)
AA	AAA	AA	AAA	AA-	AA+
Marysville	**Hawthorne**	**Glendora**	**Calaveras County WD**	**Baldwin Park**	**La Verne**
(2019)	(2019)	(2019)	(2019)	(2019)	(2018)
A	AA-	AAA	Private Placement	AA-	AA+

May 26, 2020 – Regular Board Meeting

Current Interest Rates at Historical Lows

30-Year History of the 30-Year Treasury Rate

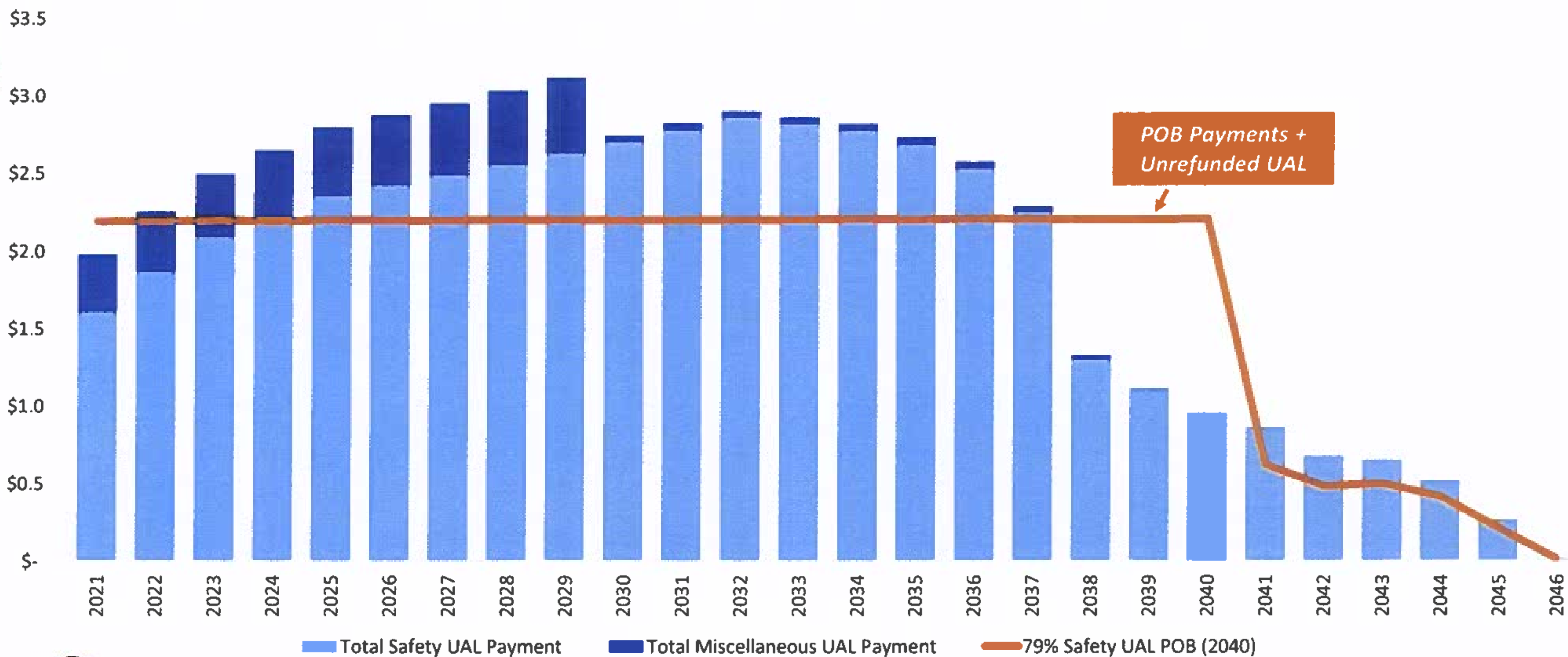
*Interest rates through May 15, 2020.

North County
Fire Protection District

POB Options Evaluated and District Objectives

- Sizes between $15M and $28M were explored; maturities ranging from 20 years (shortest) to 26 years (longest)
- <u>**Recommended Structure:**</u>
  - **$20M to pay off 79% of Safety Plan UAL**
    - Brings funding ratio to 95%
      - Healthy funding ratio, but under 100% to prevent risk of overfunding
  - Smaller Miscellaneous Plan <u>not paid off with POB</u> since this plan is already being amortized over a shorter 9-year period (implemented by staff last year)
  - **Shortest (20-year) maturity recommended** by staff to minimize interest rate and maximize overall savings
    - Longer maturity would increase near term savings, but generate less savings overall and be at a slightly higher interest rate

Proposed $20M UAL Restructuring (79% of Safety UAL)



North County
Fire Protection District

Detailed Annual Projected Savings

					(C1 + C2)	(B + C3)	(A - D)	
	A	B	C1	C2	C3	D	E	F
FY	Current UAL Payment	Unrefunded UAL	Est. POB Principal	Est. POB Interest	Est. POB Debt Service	Est. Total New Payments	Est. Savings*	Est. PV Savings**
2021	1,978,075	681,731	765,000	756,939	1,521,939	2,203,670	(225,595)	(216,814)
2022	2,257,655	785,058	680,000	738,962	1,418,962	2,204,020	53,635	49,541
2023	2,492,939	835,376	645,000	722,506	1,367,506	2,202,882	290,057	257,491
2024	2,642,865	823,280	675,000	706,252	1,381,252	2,204,531	438,334	373,974
2025	2,793,009	845,925	670,000	687,554	1,357,554	2,203,479	589,530	483,395
2026	2,869,816	869,187	665,000	668,593	1,333,593	2,202,780	667,036	525,660
2027	2,948,736	893,090	665,000	648,444	1,313,444	2,206,533	742,203	562,130
2028	3,029,826	917,649	660,000	627,297	1,287,297	2,204,946	824,880	600,433
2029	3,113,147	942,885	655,000	605,583	1,260,583	2,203,468	909,679	636,387
2030	2,738,457	508,513	1,115,000	583,444	1,698,444	2,206,957	531,500	357,351
2031	2,813,765	522,498	1,135,000	545,199	1,680,199	2,202,697	611,068	394,858
2032	2,891,143	536,866	1,170,000	499,572	1,669,572	2,206,438	684,705	425,220
2033	2,853,834	551,540	1,200,000	452,538	1,652,538	2,204,078	649,756	387,811
2034	2,812,287	566,615	1,235,000	404,298	1,639,298	2,205,913	606,374	347,832
2035	2,722,712	581,649	1,270,000	354,651	1,624,651	2,206,300	516,412	284,698
2036	2,568,031	595,877	1,305,000	303,597	1,608,597	2,204,474	363,557	192,628
2037	2,283,777	598,707	1,360,000	247,874	1,607,874	2,206,581	77,196	39,310
2038	1,319,901	599,537	1,415,000	189,802	1,604,802	2,204,339	(884,438)	(432,845)
2039	1,103,086	585,902	1,490,000	129,381	1,619,381	2,205,283	(1,102,197)	(518,423)
2040	949,407	597,726	1,540,000	65,758	1,605,758	2,203,484	(1,254,077)	(566,902)
2041	855,955	614,164			0	614,164	241,791	105,047
2042	674,284	475,532			0	475,532	198,752	82,988
2043	646,677	493,514			0	493,514	153,163	61,463
2044	514,262	409,345			0	409,345	104,917	40,464
2045	260,818	206,917			0	206,917	53,901	19,979
2046	11,148	11,148			0	11,148	0	0
Total	52,145,612	16,050,232	20,315,000	9,938,240	30,253,240	46,303,471	5,842,141	4,493,675

Summary Metrics**	79% Safety UAL POB
Current Safety UAL	$25,446,751
Current Miscellaneous UAL	$3,023,535
Total Current UAL	$28,470,286
Total Safety UAL Funded with POB ($)	*$20,000,000*
Total Miscellaneous UAL Funded with POB ($)	*$0*
Total Safety UAL Funded with POB (%)	*79%*
Estimated New Funded Ratio of Safety Plan	*95.4%*
Est. POB Principal Amount	$20,315,000
Est. POB Interest Rate (w/ Costs)	4.14%
Est. Total Savings (2021-2037)	$8,330,327
Additional Payments (Beyond 2037)	(2,488,187)
Est. Net Cumulative Savings	$5,842,141
Est. Avg. Annual Savings (2021-2037)	$490,019
Est. PV Savings ($)	$4,493,675
Est. PV Savings (%)	22.47%
Estimated Fixed Costs of Issuance (COI)	$170,000
Estimated Variable Costs	$142,205

Estimated Fixed Costs of Issuance (COI)	
Bond/Disclosure Counsel (Stradling)	$70,000
Municipal Advisor (NHA)	$57,500
Rating Agency (S&P)	$22,000
Trustee (U.S. Bank)	$3,000
Bid Platform	$1,500
Printer (TBD)	$2,500
Miscellaneous/Contingency	$13,500
Estimated Total COI	$170,000

Estimated Variable Costs	
Underwriter's Discount (Brandis Tallman) *(Estimated 0.7%/Bond)*	$142,205

*** Estimated savings assume CalPERS investment earnings of 7.0%. Savings assume 'A' credit rating at current interest rates. Realized savings subject to interest rates at time of pricing and future CalPERS returns.***

**** Present value (PV) indicates the current value (in today's dollars) of future payments, based on an applicable discount rate.***

**** Savings metrics net of costs of issuance (Fixed COI + UW Discount).***

UAL Restructuring – Summary of Key Benefits

Fiscal Sustainability Tool	Ability to restructure the District's pension debt payments in a way that creates enhanced long-term fiscal sustainability, budgetary predictability, and lower/stabilized % of payroll costs
Near-Term Budgetary Savings	By modifying the current near term "peak" in scheduled payments into a more level structure, near term cash flow savings are created; ***Over $8 million projected through FY 2037.***
Interest Rate Savings	The District can borrow at historically low interest rates that are much lower (currently ≈ 4.0%) than those CalPERS is charging on UAL debt (7%)
Increase Funding Ratio	Current ratios are between 65.1% (Miscellaneous) and 73.8% (Safety); increasing these ratios is viewed as a credit rating positive
Modify Maturity/ Repayment Shape	The District has flexibility to shorten or lengthen repayment period to meet financial and policy objectives and also determine new repayment shape (flat, escalating, etc.)
Maintain Services/ CIP Funding	UAL restructuring may reduce the need for service reductions and/or provide opportunity for increased CIP funding

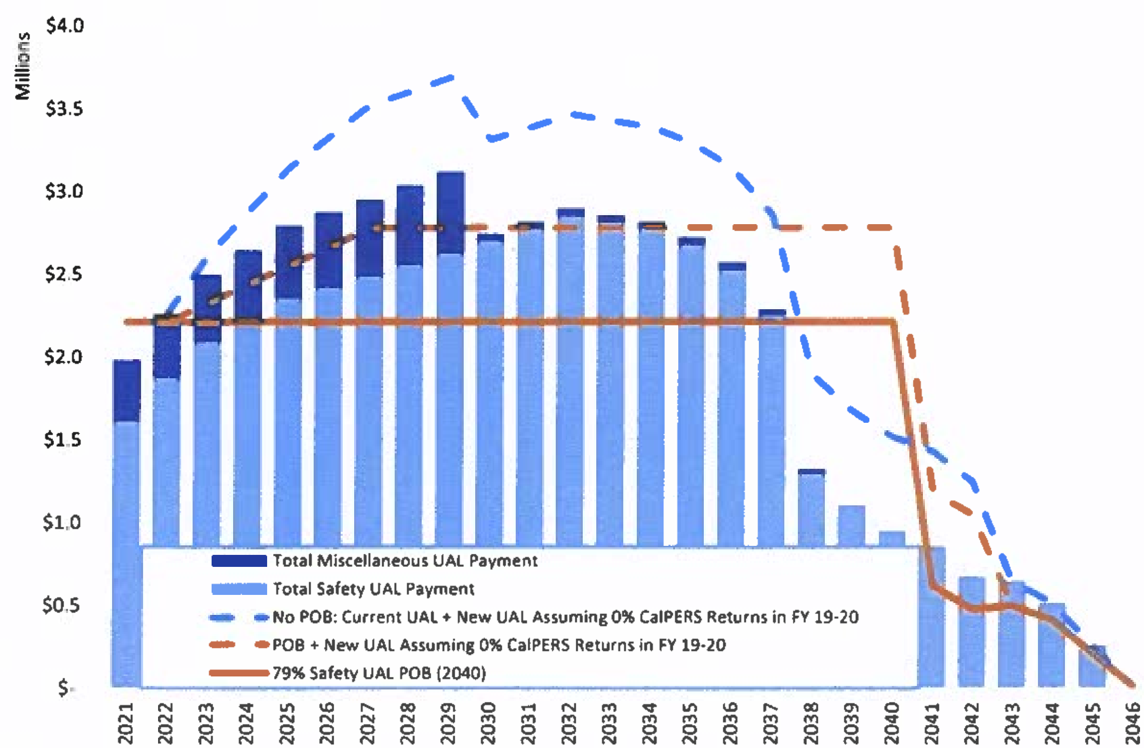
The GFOA View – And How the Proposed POBs Differ

"Invested POB proceeds might earn less than the borrowing costs" (Reinvestment Risk)	• **Yes. Instead of CalPERS's expected earnings rate of 7.0%, lower actual returns could occur. The chances of returns below the current <4.25% borrowing cost are low, but they do exist. Savings is generated as long as CalPERS returns are higher than the rate paid on the POBs.**
"POBs are complex instruments that carry considerable risk...and may include swaps or derivatives..."	• No. These are fixed rate bonds and no swaps are used.
"Issuing taxable debt to fund the pension liability increases the jurisdiction's bonded debt burden and potentially uses up debt capacity..."	• No. The District is not subject to any debt limit. The proposed POBs merely replace a portion of the District's payments to CalPERS with debt service at lower rates.
POBs are "typically issued without call options" making it more difficult to refund bonds if interest rates fall or a different debt service structure is desired in the future.	• No. These bonds will be issued with a call feature, allowing the District to refinance them in the future.
"POBs are frequently structured in a manner that defers the principal payments..."	• No. Under the proposed scenario, principal will be amortized immediately.
"Rating agencies may not view the proposed issuance of POBs as credit positive..."	• No. Rating agencies have generally been viewing POBs as a credit neutral or positive based on the enhanced affordability of overall pension expenses.

How Does Recent Market Correction Impact District and 2020 POB?

- Recent stock market correction and likelihood of poor FY 2019/20 returns impact District the same with or without a POB
  - POB performance based on market returns AFTER the POB is issued
- Based on 0% returns (current estimate), District's new UAL added would be $5.2M
  - Cash flow impact starting in FY 2023, ramping up through FY 2027, and levelling out through FY 2042 (see dotted lines in chart to the right)
    - Blue is "do-nothing" (no POB) and orange is after POB
    - Exacerbates current "peaking" repayment shape
- The recent sizable drop in the US equity market may be beneficial for the proposed financing strategy as the market has historically rebounded from prior similar events

0% FY 2020 CalPERS Returns: Pre- vs. Post-POB Comparison



North County
Fire Protection District

IV. Recommendation

Recommendation

- That the District Board approve Resolution No. 2020-05
- Approves 2020 POBs with not to exceed par of $21 million and not to exceed interest rate of 4.25%
- Interest rates are not locked until a Bond Purchase Agreement is signed by staff and the underwriter on the day of pricing (tentatively June 9th, 2020)
  - Staff, in consultation with its Financial Advisor (NHA), will monitor the proposed interest rates in early June
  - If desired interest rate target cannot be met, staff may choose to delay financing and not execute sale this June
    - If not issued this June, District can re-evaluate after August actuarial valuation reports are released
      - Future feasibility subject to interest rate and market risk
- Tonight's approval will allow staff and team to complete credit rating process and begin marketing the bonds to investors to get a better sense of potential interest rates

NORTH COUNTY FIRE PROTECTION DISTRICT

ADMINISTRATIVE SERVICES

TO: BOARD OF DIRECTORS

FROM: CHIEF ABBOTT AND DEPUTY CHIEF MAROVICH

DATE: MAY 26, 2020

SUBJECT: 2020 CALPERS UAL RESTRUCTURING – APPROVAL OF TRUST AGREEMENT, BOND PURCHASE AGREEMENT, PRELIMINARY OFFICIAL STATEMENT FOR ISSUANCE OF PENSION OBLIGATION BONDS; APPROVAL OF DEBT MANAGEMENT POLICY AND CONTINUING DISCLOSURE POLICY

ATTACHMENTS – EXHIBIT A – RESOLUTION NO. 2020-05

NORTH COUNTY FIRE PROTECTION DISTRICT

RESOLUTION NO. 2020-05

RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH COUNTY FIRE PROTECTION DISTRICT AUTHORIZING THE ISSUANCE OF BONDS TO REFUND CERTAIN PENSION OBLIGATIONS OF THE DISTRICT, APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT AND PURCHASE CONTRACT, APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND APPROVING ADDITIONAL ACTIONS RELATED THERETO

WHEREAS, the North County Fire Protection District (the "District") has previously adopted a retirement plan pursuant to the Public Employees' Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended (the "Retirement Law") and elected to become a contracting member of the California Public Employees' Retirement System ("PERS");

WHEREAS, the Retirement Law and the contract (the "PERS Contract") effective July 1, 1948, between the Board of Administration of PERS and the Board of Directors of the District (the "Board") obligate the District to (i) make contributions to PERS to fund pension benefits for certain District employees, (ii) amortize the unfunded accrued actuarial liability with respect to such pension benefits, and (iii) appropriate funds for the foregoing purposes;

WHEREAS, the District desires to authorize the issuance of its North County Fire Protection District 2020 Taxable Pension Obligation Bonds (the "Bonds") pursuant to the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law"), in a maximum principal amount not to exceed that required for the purpose of refunding all or a portion of the District's current obligation to PERS for fiscal year 2020-21, pursuant to the PERS Contract, to pay all or a portion of the unfunded accrued actuarial liability of the District (the "Unfunded Liability") with respect to pension benefits under the Public Employees' Retirement Law and the PERS Contract, to pay the costs of issuance of such Bonds, including the underwriter's discount and any original issue discount on such Bonds;

WHEREAS, the District expects that the need may arise in the future to issue additional refunding bonds (the "Additional Bonds") pursuant to the Bond Law to amortize the accrued and Unfunded Liability of the District to PERS as required by the Retirement Law and the PERS Contract and to fund all or a portion of the normal contributions required by the PERS Contract;

WHEREAS, the Bonds will be issued under and secured by a Trust Agreement (such Trust Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Trust Agreement") by and between the District and U.S. Bank National Association, or another trustee to be selected by the District (the "Trustee"); and

WHEREAS, a preliminary official statement to be used in connection with the offering and sale of the Bonds has been prepared and it is appropriate at this time for the Board to approve the form thereof and authorize its distribution to prospective purchasers of the Bonds; and

WHEREAS, in compliance with SB 450, the District has obtained from its Municipal Advisor the required good faith estimates and such estimates are disclosed and set forth in the staff report submitted herewith; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the North County Fire Protection District as follows:

Section 1. The Board does hereby find and declare that the above recitals are true and correct.

Section 2. The issuance of the Bonds on the terms and conditions set forth in, and subject to the limitations specified in, the Trust Agreement, is hereby authorized and approved. The Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be issued in the form and shall have terms as provided in the Trust Agreement, as the same shall be completed in accordance with this Resolution. The title of the Bonds may be changed to reflect the year in which the Bonds are issued, and to reflect the appropriate series designation, as directed by the Fire Chief/CEO of the District.

Section 3. The Trust Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, is hereby approved. The President of the Board, or such member of the Board of Directors as the President of the Board may designate, the Fire Chief/CEO, the Deputy Chief, and their authorized designees (the "Authorized Officers") are, and each of them is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Trust Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Trust Agreement by such Authorized Officer. The Secretary of the Board of the District is hereby authorized and directed to attest the Trust Agreement for and in the name and on behalf of the District.

Section 4. The District hereby authorizes and approves the issuance of Additional Bonds pursuant to the Bond Law, as authorized by the Trust Agreement, from time to time, to refund all or a portion of the Unfunded Liability and the District's obligation to PERS pursuant to the PERS Contract for the then-current fiscal year, provided that the Fire Chief/CEO, or his designee, first certifies to the Board in writing that such actions will result in cost savings to the District. The District authorizes any one of the Authorized Officers, or their designees, to execute and deliver one or more other trust agreements and/or one or more supplemental agreements supplementing or amending the Trust Agreement and providing for the issuance of Additional Bonds (each an "Additional Trust Agreement"); provided, however, that (i) each series of Additional Bonds shall be in a principal amount not to exceed the sum of the Unfunded Liability of the District to PERS under the PERS Contract and the Retirement Law remaining unpaid on the date of issuance of such Additional Bonds, the obligation to PERS for the current fiscal year pursuant to the PERS Contract, and the costs of issuing the Additional Bonds, (ii) the stated interest rate on the Additional Bonds shall not exceed the discount rate assumed by PERS with respect to the amortization of the Unfunded Liability at the time such Additional Bonds are issued, and (iii) the Additional Bonds issued pursuant to such Additional Trust Agreement shall mature not later than 30 years from the date of their issuance.

Each Unfunded Liability refunded by the Bonds and each series of Additional Bonds pursuant to the Trust Agreement and each Additional Trust Agreement constitutes an obligation imposed by law, pursuant to the Constitution and laws of the State of California and an obligation of the District not limited as to payment from any special source of funds. The Unfunded Liability refunded by the Bonds pursuant to the Trust Agreement and each series of Additional Bonds pursuant to an Additional Trust Agreement shall not, however, constitute an obligation of the District for which the District is obligated or permitted to levy or pledge any form of taxation or for which the District has levied or pledged or will levy or pledge any form of taxation.

Section 5. The form of the Bond Purchase Agreement (the "Purchase Contract") by and among the District and Brandis Tallman LLC (the "Underwriter") presented to this meeting and on file with the Board and the sale of the Bonds to the Underwriter pursuant thereto upon the terms and conditions set forth therein is hereby approved, and subject to such approval and subject to the provisions hereof, the Authorized Officers are each hereby authorized and directed to evidence the District's acceptance of the offers made by the Purchase Contract by executing and delivering the Purchase Contract in said form with such changes therein as the Authorized Officer or Authorized Officers executing the same may approve and such matters as are authorized by this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof by any one of the Authorized Officers.

Section 6. The Authorized Officers are each authorized, on behalf of the District, to establish and determine (i) the final principal amount of the Bonds, provided the aggregate initial principal amount of the Bonds shall not be greater than the lesser of (a) $21 million or (b) the sum of the District's obligation to PERS for the remainder of fiscal year 2020-21 or 2021-22, as applicable, as evidenced by the PERS Contract, and the Unfunded Liability as calculated by PERS or other actuary selected by the Authorized Officer, together with the costs of issuing the Bonds as approved by such Authorized Officer, (ii) the final interest rates on various maturities of the Bonds, provided that the True Interest Cost of the Bonds shall not exceed 4.25% and that the maturity date of the Bonds shall not be later than the last date through which PERS has determined for the amortization of the Unfunded Liability of the District in accordance with its current procedures; and (iii) the Underwriter's discount for the purchase of the Bonds, not to exceed 0.725% of the principal amount of the Bonds. The net present value savings shall be calculated by comparing present value of the payments required to amortize the Unfunded Liability at the discount rate assumed by PERS to the present value of the principal and interest payments on the Bonds.

Section 7. The form of the Preliminary Official Statement, presented to this meeting and on file with the Board, is hereby approved. Each of the Authorized Officers is hereby authorized to make such changes to the Preliminary Official Statement as are necessary to make it final as of its date and are authorized and directed to execute and deliver a certificate deeming the Preliminary Official Statement final as of its date in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. Each of the Authorized Officers is hereby authorized and directed to execute, approve and deliver the final Official Statement, in the form of the Preliminary Official Statement with such changes, insertions and omissions as the Authorized Officer or Authorized Officers executing said document may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by one or more of the Authorized Officers.

Section 8. The form of the Continuing Disclosure Certificate to be executed and delivered by District (the "Continuing Disclosure Certificate"), presented to this meeting and on file with the Board, is hereby approved. Each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes therein as such Authorized Officer or Authorized Officers executing such document may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 9. Each of the Authorized Officers is hereby authorized to negotiate and execute an insurance policy for the Bonds (and such other agreements that may be required by the insurer in connection therewith) if it is determined that the policy will result in interest rate savings for the District, and to pay the insurance premium of such policy from the proceeds of the issuance and sale of the Bonds.

Section 10. Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby retained to act as Bond Counsel and Disclosure Counsel to the District, and NHA Advisors, is hereby retained to serve as Municipal Advisor to the District. The Authorized Officers are, and each of them is, hereby authorized to execute a contract with each of such companies.

Section 11. The Authorized Officers are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereby, including, but not limited to, the execution and delivery of any documents required by PERS in order to complete the issuance of the Bonds and the refunding of the Unfunded Liability.

Section 12. All actions heretofore taken by the Authorized Officers and by any other officers, employees or agents of the District with respect to the issuance of the Bonds, or in connection with or related to any of the agreements or documents referenced herein, are hereby approved, confirmed and ratified.

Section 13. The Board hereby approves the Debt Management Policy and the Continuing Disclosure Policy presented at this meeting and adopts such policies as applicable to the District going forward.

Section 14. This Resolution shall take effect from and after the date of approval and adoption hereof.

APPROVED, SIGNED AND ADOPTED at a Regular Meeting of the Board of Directors of the North County Fire Protection District held on this **26th day of May, 2020**, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:
RECUSED:

Fred Luevano, Board President

I HEREBY CERTIFY that foregoing is a true and correct copy of the Resolution duly and regularly adopted by the Board of Directors of the North County Fire Protection District at the meeting thereof held on the **26th day of May, 2020**, and that the same now appears on record in my office.

IN WITNESS THEREOF, I hereunto set my hand and affixed by official seal this this **26th day of May, 2020**.

Loren A. Ste Porter

Loren A. Stephen-Porter, Board Secretary

Official Seal

NORTH COUNTY FIRE PROTECTION DISTRICT

ADMINISTRATIVE SERVICES

TO: BOARD OF DIRECTORS

FROM: CHIEF ABBOTT AND DEPUTY CHIEF MAROVICH

DATE: MAY 26, 2020

SUBJECT: 2020 CALPERS UAL RESTRUCTURING – APPROVAL OF TRUST AGREEMENT, BOND PURCHASE AGREEMENT, PRELIMINARY OFFICIAL STATEMENT FOR ISSUANCE OF PENSION OBLIGATION BONDS; APPROVAL OF DEBT MANAGEMENT POLICY AND CONTINUING DISCLOSURE POLICY

ATTACHMENTS – Exhibit B – Trust Agreement

TRUST AGREEMENT

by and between

NORTH COUNTY FIRE PROTECTION DISTRICT

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of _______ 1, 2020

Relating to

$____________________
NORTH COUNTY FIRE PROTECTION DISTRICT
2020 TAXABLE PENSION OBLIGATION BONDS

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TRUST AGREEMENT

This **TRUST AGREEMENT** is dated as of _______ 1, 2020, and is made by and between the **NORTH COUNTY FIRE PROTECTION DISTRICT**, a fire protection district duly organized and validly existing under and pursuant to the Constitution and the laws of the State of California (the "**District**"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the "**Trustee**").

RECITALS

WHEREAS, the District is a member of the California Public Employees' Retirement System ("**PERS**") and, as such, is obligated by the Public Employees' Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "**Retirement Law**"), and the contract between the Board of Administration of PERS and the Board of Directors of the District, effective July 1, 1948 (as amended, the "**PERS Contract**"), to make contributions to PERS to (a) fund pension benefits for its employees who are members of PERS, (b) amortize the unfunded actuarial liability with respect to such pension benefits, and (c) appropriate funds for the purposes described in (a) and (b); and

WHEREAS, the District is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code (the "**Refunding Law**") to issue bonds for the purpose of refunding certain obligations of the District, including the obligations set forth in the PERS Contract; and

WHEREAS, for the purpose of refunding the District's unamortized, unfunded accrued actuarial liability with respect to pension benefits under the Retirement Law (the "**Unfunded Liability**"), and to pay the costs of issuance, including underwriter's discount and any original issue discount, the District has determined to issue its $__________________ North County Fire Protection District 2020 Taxable Pension Obligation Bonds (the "**Bonds**"), all pursuant to and secured by this Trust Agreement providing for the issuance of the Bonds, all in the manner provided herein;

NOW THEREFORE, the District and the Trustee agree as follows, each for the benefit of the other and the benefit of holders of the Bonds (as defined below) issued in accordance with this Trust Agreement.

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.01 Certain Defined Terms. The terms defined in this Article I shall, for all purposes of this Trust Agreement, have the meanings specified unless the context clearly requires otherwise.

"**Account**" means any account established pursuant to this Trust Agreement.

"**Additional Bonds**" means bonds issued in accordance with Section 2.06 hereof.

"**Annual Debt Service**" means, for any Bond Year, the sum of the aggregate amount of principal required to be paid on Bonds during such Bond Year either at maturity or pursuant to a mandatory sinking fund payment and the interest due on the Bonds on each Interest Payment Date during such Bond Year.

"**Authorized District Representative**" means the Fire Chief/CEO, the Deputy Chief, or any officer authorized to act on their respective behalves.

"**Authorized Denominations**" means $5,000 and any integral multiple thereof (except that while Bonds are registered in book-entry form, they may be held in amounts other than an integral multiple so long as the amount exceeds $5,000).

"**Beneficial Owner**" means, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant or such person's subrogee.

"**Bond**" or "**Bonds**" means the bonds issued under this Trust Agreement and designated as "North County Fire Protection District 2020 Taxable Pension Obligation Bonds."

"**Bond Counsel**" means (a) Stradling Yocca Carlson & Rauth, a Professional Corporation, or (b) a firm of attorneys nationally recognized as experts in the area of municipal finance who are familiar with the transactions contemplated under this Trust Agreement and acceptable to the District.

"**Bond Interest Account**" means the Account of that name established within the Revenue Fund pursuant to Section 6.02(a) hereof.

"**Bond Principal Account**" means the Account of that name established within the Revenue Fund pursuant to Section 6.02(a) hereof.

"**Bond Year**" means the twelve-month period commencing on each June 2 and ending on the next succeeding June 1, except that the first Bond Year shall commence on the Closing Date and end on June 1, 2021.

"**Book-Entry Bonds**" means the Bonds held by DTC (or its nominee) as the registered owner thereof pursuant to the terms and provisions of Section 3.03 hereof.

"**Business Day**" means a day (a) other than a day on which banks located in the District of New York, New York or the cities in which the respective principal offices of the Trustee or any Paying Agent are located, are required or authorized by law or executive order to close, and (b) on which the New York Stock Exchange is open.

"**Closing Date**" means __________, 2020.

"**Consultant**" means the accountant, attorney, consultant, municipal finance consultant or investment banker, or firm thereof, retained by the District to perform acts and carry out the duties provided for such Consultant in this Trust Agreement. Such accountant, attorney, consultant, municipal finance consultant or investment banker, or firm thereof, shall be nationally recognized within its profession for work of the character required.

"**Continuing Disclosure Certificate**" means that certain Continuing Disclosure Certificate executed and delivered by the District and acknowledged and accepted by the dissemination agent listed therein. dated ________ 1. 2020. as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"**Costs of Issuance**" means all costs and expenses incurred by the District in connection with the issuance of the Bonds and the refunding of the Unfunded Liability. including. but not limited to. out-of-pocket expenses of the District. costs and expenses of printing and copying documents and the Bonds and the fees. costs and expenses of Rating Agencies. credit providers or enhancers. the Trustee. counsel to the Trustee. Bond Counsel. the verification agent. accountants. municipal finance consultant. disclosure counsel and other consultants and the premium for any municipal bond insurance and surety bond insurance.

"**Defeasance Securities**" means any of the following: (a) non-callable direct obligations of the United States of America ("Treasuries"). (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian. under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated. and (c) pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's. respectively (or any combination thereof). which shall be authorized to be used to effect defeasance of the Bonds.

"**DTC**" means The Depository Trust Company. a limited-purpose trust company organized under the laws of the State of New York. and its successors and assigns.

"**Event of Default**" means any occurrence or event specified in Section 11.01 hereof.

"**Fiduciary or Fiduciaries**" means the Trustee. any Paying Agent. or any or all of them. as may be appropriate.

"**Fiscal Year**" means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year. or such other period as the District designates as its fiscal year.

"**Fund**" means any fund established pursuant to this Trust Agreement.

"**Holder**." or "**Bondholder**." "**owner**" or "**registered owner**" means the registered owner of any Bonds. including DTC or its nominee as the sole registered owner of Book-Entry Bonds.

"**Information Services**" means any one or more of the national information services that Trustee determines are in the business of disseminating notices of redemption of obligations such as the Bonds.

"**Interest Payment Date**" means June 1 and December 1 of each year commencing December 1. 2020.

"**Mail**" means by first-class United States mail. postage prepaid.

"**Moody's**" means Moody's Investors Service. Inc.. New York. New York. and its successors. and. if such corporation shall for any reason no longer perform the functions of a securities rating agency. "Moody's" shall be deemed to refer to any other nationally recognized rating agency designated by the District.

"**Opinion of Bond Counsel**" means a written opinion of Bond Counsel.

"**Outstanding**," with respect to the Bonds, means all Bonds which have been authenticated and delivered under this Trust Agreement, except:

(a) Bonds cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby.

(b) Bonds deemed to be paid in accordance with Section 10.02 hereof.

(c) Bonds in lieu of which other Bonds have been authenticated under Sections 3.02 and 3.04 hereof.

(d) Bonds that have become due (at maturity, on redemption, or otherwise) and for the payment of which sufficient moneys, including interest accreted or accrued to the due date, are held by the Trustee or a Paying Agent.

(e) For purposes of any consent or other action to be taken by the Holders of a specified percentage of Bonds Outstanding under this Trust Agreement, Bonds held by or for the account of the District or by any person controlling, controlled by or under common control with the District, unless such Bonds are pledged to secure a debt to an unrelated party, in which case such Bonds shall, for purposes of consents and other Bondholder action, be deemed to be Outstanding and owned by the party to which such Bonds are pledged. Nothing herein shall be deemed to prevent the District from purchasing Bonds from any party out of any funds available to the District.

"**Participant**" means the participants of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

"**Participating Underwriter**" means Brandis Tallman LLC, as the original underwriter for the Bonds.

"**Paying Agent**" means any paying agent for the Bonds, or successor thereto, appointed by the District pursuant to Sections 8.01 or 8.02 hereof, and any successor appointed pursuant to Section 7.04 hereof.

"**Permitted Investments**" means the following:

(1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America ("U.S. Government Securities").

(2) Direct obligations* of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:

a. Export-Import Bank of the United States – Direct obligations and fully guaranteed certificates of beneficial interest
b. Federal Housing Administration – debentures
c. General Services Administration – participation certificates
d. Government National Mortgage Association ("GNMAs") – guaranteed mortgage-backed securities and guaranteed participation certificates
e. Small Business Administration – guaranteed participation certificates and guaranteed pool certificates
f. U.S. Department of Housing & Urban Development – local authority bonds
g. U.S. Maritime Administration – guaranteed Title XI financings
h. Washington Metropolitan Area Transit Authority – guaranteed transit bonds

(3) Direct obligations* of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:

a. Federal National Mortgage Association ("FNMAs") – senior debt obligations rated Aaa by Moody's Investors Service ("Moody's") and AAA by Standard & Poor's Ratings Services ("S&P")
b. Federal Home Loan Mortgage Corporation ("FHLMCs") – participation certificates and senior debt obligations rated Aaa by Moody's and AAA by S&P
c. Federal Home Loan Banks – consolidated debt obligations
d. Student Loan Marketing Association – debt obligations
e. Resolution Funding Corporation – debt obligations

(4) Direct. general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated. at the time of purchase. A2 or better by Moody's and A or better by S&P. or any obligation fully and unconditionally guaranteed by any state. subdivision or agency whose uninsured and unguaranteed general obligation debt is rated. at the time of purchase. A2 or better by Moody's and A or better by S&P.

(5) Commercial paper (having original maturities of not more than 270 days) rated. at the time of purchase. P-1 by Moody's and A-1 or better by S&P.

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* The following are explicitly excluded from the securities enumerated in 2 and 3:

(i) All derivative obligations. including without limitation inverse floaters. residuals. interest-only. principal-only and range notes:
(ii) Obligations that have a possibility of returning a zero or negative yield if held to maturity:
(iii) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date: and
(iv) Collateralized Mortgage-Backed Obligations ("CMOs").

(6) Certificates of deposit. savings accounts. deposit accounts or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation ("FDIC"). including the Bank Insurance Fund and the Savings Association Insurance Fund. and including funds for which the Trustee or its affiliates provide investment advisory or other management services.

(7) Certificates of deposit. deposit accounts. federal funds or bankers' acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank. provided that such bank's short-term certificates of deposit are rated P-1 by Moody's and A-1 or better by S&P (not considering holding company ratings).

(8) Investments in money-market funds rated AAAm or AAAm-G by S&P. including funds for which the Trustee and its affiliates provide investment advisory or other management services.

(9) Repurchase agreements that meet the following criteria:

a. A master repurchase agreement or specific written repurchase agreement. substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement. governs the transaction.

b. Acceptable providers shall consist of (i) registered broker/dealers subject to Securities Investors' Protection Corporation ("SIPC") jurisdiction or commercial banks insured by the FDIC. if such broker/dealer or bank has an uninsured. unsecured and unguaranteed rating of A3/P-1 or better by Moody's and A-/A-1 or better by S&P. or (ii) domestic structured investment companies rated Aaa by Moody's and AAA by S&P.

c. The repurchase agreement shall require termination thereof if the counterparty's ratings are suspended. withdrawn or fall below A3 or P-1 from Moody's. or A- or A-1 from S&P. Within ten (10) days. the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.

d. The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA. FNMA or FHLMC described in 2(d). 3(a) and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation. including principal and accrued interest. is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMAs. FNMAs or FHLMCs. The repurchase agreement shall require (i) the Trustee or the Agent to value the collateral securities no less frequently than weekly. (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date. and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) business days of such valuation.

e. The repurchase securities shall be delivered free and clear of any lien to the Trustee or to an independent third party acting solely as agent ("Agent") for the Trustee, and such Agent is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits or, if appropriate, a net worth, of not less than $50 million, and the Trustee shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee.

f. A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and the issuer and the Trustee shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.

g. The repurchase agreement shall have a term of one year or less, or shall be due on demand.

h. The repurchase agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the repurchase securities:

(i) insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;
(ii) failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under item 9(d) above; or
(iii) failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.

(10) Investment agreements, collateralized at 102%, (also referred to as guaranteed investment contracts) that meet the following criteria:

a. A master agreement or specific investment agreement governs the transaction.

b. Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody's and AAA by S&P; and (iii) domestic structured investment companies rated Aaa by Moody's and AAA by S&P.

c. Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction. if such broker/dealer has an uninsured. unsecured and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P: (ii) domestic FDIC-insured commercial banks. or U.S. branches of foreign banks. rated at least A1 by Moody's and A+ by S&P: (iii) domestic insurance companies rated at least A1 by Moody's and A+ by S&P: and (iv) domestic structured investment companies rated Aaa by Moody's and AAA by S&P. Required collateral levels shall be as set forth in 10(f) below.

d. The investment agreement shall provide that if the provider's ratings fall below Aa3 by Moody's or AA- by S&P. the provider shall within ten (10) days either (i) repay the principal amount plus any accrued and interest on the investment: or (ii) deliver Permitted Collateral as provided below.

e. The investment agreement must provide for termination thereof if the provider's ratings are suspended. withdrawn or fall below A3 from Moody's or A- from S&P. Within ten (10) days. the provider shall repay the principal amount plus any accrued interest on the agreement. without penalty to the District.

f. The investment agreement shall provide for the delivery of collateral described in (i) or (ii) below ("Permitted Collateral") which shall be maintained at the following collateralization levels at each valuation date:

(i) U.S. Government Securities at 104% of principal plus accrued interest: or

(ii) Obligations of GNMA. FNMA or FHLMC (described in 2(d). 3(a) and 3(b) above) at 105% of principal and accrued interest.

g. The investment agreement shall require the Trustee to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels. Market value. with respect to collateral. may be determined by any of the following methods:

(i) the last quoted "bid" price as shown in Bloomberg. Interactive Data Systems. Inc.. The Wall Street Journal or Reuters:

(ii) valuation as performed by a nationally recognized pricing service. whereby the valuation method is based on a composite average of various bid prices: or

(iii) the lower of two bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.

h. Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties. held in a separate custodial account and registered in the name of the Trustee or the Agent.

i. The provider shall grant the Trustee a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under 10(f) above. the Trustee shall receive an opinion of counsel as to the perfection of the security interest in the collateral.

j. The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition. breakage fee or other penalty. upon not more than two (2) business days' notice. or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document. as well as the following:

(i) In the event of a deficiency in the debt service account:
(ii) Upon acceleration after an event of default:
(iii) Upon refunding of the Bonds in whole or in part:
(iv) Reduction of any debt service reserve requirement for the Bonds: or
(v) If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing. the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee if the District's obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the Bonds and to make deposits to any debt service reserve fund established for the Bonds.

(k) The investment agreement shall establish the following as events of default. the occurrence of any of which shall require the immediate liquidation of the investment securities:

(i) Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character. at the times or in the amounts described above:
(ii) Insolvency of the provider or the guarantor (if any) under the investment agreement:

(iii) Failure by the provider to remedy any deficiency with respect to required Permitted Collateral:

(iv) Failure by the provider to make a payment or observe any covenant under the agreement:

(v) The guaranty (if any) is terminated. repudiated or challenged: or

(vi) Any representation of warranty furnished to the Trustee or the issuer in connection with the agreement is false or misleading.

(l) The investment agreement must incorporate the following general criteria:

(i) "Cure periods" for payment default shall not exceed two (2) business days:

(ii) The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral. including costs and expenses incurred by the Trustee:

(iii) Neither the agreement or guaranty agreement. if applicable. may be assigned (except to a provider that would otherwise be acceptable under these guidelines):

(iv) If the investment agreement is for a debt service reserve fund. reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate.

(v) The provider shall be required to immediately notify the Trustee of any event of default or any suspension. withdrawal or downgrade of the provider's ratings: and

(vi) The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim.

(11) Forward delivery agreements in which the securities delivered mature on or before each interest payment date (for debt service or debt service reserve funds) or draw down date (construction funds) that meet the following criteria:

(a) A specific written investment agreement governs the transaction.

(b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction. if such broker/dealer or bank has an uninsured. unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P: (ii) any commercial bank insured by the FDIC. if such bank has an uninsured. unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and

A-/A-1 or better by S&P: and (iii) domestic structured investment companies rated Aaa by Moody's and AAA by S&P.

(c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended. withdrawn or fall below A3 or P-1 from Moody's or A- or A-1 from S&P. Within ten (10) days. the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.

(d) Permitted securities shall include the investments listed in 1. 2 and 3 above.

(e) The forward delivery agreement shall include the following provisions:

(i) The permitted securities must mature at least one (1) business day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.

(ii) The agreement shall include market standard termination provisions. including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.

(iii) Any breakage fees shall be payable only on debt service payment dates and shall be subordinated to the payment of debt service and debt service reserve fund replenishments.

(iv) The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy. insolvency or receivership of the provider. the securities will not be considered to be a part of the provider's estate.

(v) The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines).

(12) Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the District or the Trustee to put the securities back to the provider under a put. guaranty or other hedging arrangement.

(13) Maturity of investments shall be governed by the following:

a. Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.

b. Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements.

c. Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five years or less.

(14) Any other investment which the District is permitted by law to make, including without limitation investment in the Local Agency Investment Fund of the State of California (LAIF), provided that any investment of the type authorized pursuant to paragraphs (d), (f), (h) and (i) of Section 53601 of the California Government Code are additionally restricted as provided in the appropriate paragraph or paragraphs above applicable to such type of investment and provided further that investments authorized pursuant to paragraphs (k) and (m) of Section 53601 are not permitted.

To the extent that any of the requirements concerning Permitted Investments embodies a legal conclusion, the Trustee shall be entitled to conclusively rely upon a certificate from the appropriate party or an opinion from counsel to such party, that such requirement has been met.

"**PERS**" means the California Public Employees' Retirement System.

"**PERS Contract**" has the meaning assigned that term in the Recitals to this Trust Agreement.

"**Principal Office of the Trustee**" means the office of the Trustee at the address set forth in Section 15.06 of this Trust Agreement, provided for transfer, exchange, registration, surrender and payment of Bonds means care of the corporate trust office of U.S. Bank National Association in Los Angeles, California, or such other office designated by the Trustee.

"**Rating Agencies**" means Moody's and S&P.

"**Rating Category**" means (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"**Record Date**" means the fifteenth day of each calendar month preceding any Interest Payment Date, regardless of whether such day is a Business Day.

"**Redemption Fund**" means the Fund of that name established pursuant to Section 6.03 hereof.

"**Refunding Law**" has the meaning assigned that term in the Recitals to this Trust Agreement.

"**Registrar**" means, for purposes of this Trust Agreement, the Trustee or its successor or assignee.

"**Representation Letter**" means the Letter of Representations from the District and the Trustee to DTC with respect to the Bonds.

"**Requisition**" or "**Written Requisition**" means a Requisition or Written Requisition, substantially in the form of Exhibit "B" hereto.

"**Responsible Officer**" means an officer of the Trustee assigned by the Trustee to administer this Trust Agreement.

"**Retirement Law**" has the meaning assigned that term in the Recitals to this Trust Agreement.

"**Revenue Fund**" means the Fund of that name established pursuant to Section 6.02(a) hereof.

"**S&P**" means S&P Global Ratings, LLC, a Standard & Poor's Financial Services LLC business, and its successors, and, if such company shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized rating agency designated by the District.

"**Securities Depositories**" means any of The Depository Trust Company or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or if no such depositories, as the District may indicate in a certificate of the District delivered to the Trustee.

"**State**" means the State of California.

"**Total Bond Obligation**" means, as of any date of calculation, the aggregate principal amount of the Bonds then Outstanding.

"**Trust Agreement**" means this Trust Agreement dated as of _______ 1, 2020 between the District and the Trustee, as it may be amended, supplemented or otherwise modified from time to time.

"**Trustee**" means the entity named as such in the heading of this Trust Agreement until a successor replaces it, and thereafter means such successor.

"**Unfunded Liability**" has the meaning assigned that term in the Recitals to this Trust Agreement.

Section 1.02 Other Definitional Provisions. Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Trust Agreement. Any of the terms defined in Section 1.01 may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference.

ARTICLE II

THE BONDS

Section 2.01 Issuance of Bonds; Form; Dating. Bonds may be issued by the District under the terms of this Trust Agreement only to refund the District's Unfunded Liability under the PERS Contract and the Retirement Law and to pay the Costs of Issuance in connection with the issuance of the Bonds. The Bonds shall be designated "North County Fire Protection District 2020

Taxable Pension Obligation Bonds" and shall be issued in Authorized Denominations. The Bonds shall be issued hereunder in the aggregate principal amount of $__________________. Interest on the Bonds shall be payable on each June 1 and December 1, commencing December 1, 2020.

Section 2.02 Description of the Bonds. Each Bond shall be issued in fully registered form and shall be numbered as determined by the Trustee. The Bonds shall be dated the Closing Date. The Bonds shall be issued in Authorized Denominations; provided, however, that the Bonds shall initially be Book-Entry Bonds.

The Bonds shall mature on the dates, in the principal amounts, and interest thereon shall be computed at the rates, as shown below:

Maturity Date (June 1)	***Principal Amount***	***Interest Rate***

Section 2.03 Interest on the Bonds. Interest on each Bond of each maturity shall be payable at the respective per annum rates set forth in Section 2.02 hereof and shall be payable on each Interest Payment Date until maturity or earlier redemption, computed using a year of 360 days comprised of twelve 30-day months. Interest on each Bond shall accrue from the Interest Payment Date for the Bonds next preceding the date of authentication and delivery thereof, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication; (ii) it is authenticated after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such Interest Payment Date; or (iii) it is authenticated prior to the close of business on the first Record Date, in which event interest thereon shall be payable from the Closing Date; provided, however, that if at the time of authentication of any Bond interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from the Closing Date.

Section 2.04 Medium of Payment. Principal, premium, if any, and interest on the Bonds shall be payable in currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Payments of interest on any of the Bonds will be made on each Interest Payment Date by check of the Trustee sent by Mail, or by wire transfer to any Holder of $1,000,000 or more of Bonds, to the account specified by such Holder in a written request delivered to the Trustee on or prior to the Record Date for such Interest Payment Date, to the Holder thereof on the Record Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Trustee which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest. Payment of the principal of the Bonds upon redemption or maturity will be made upon presentation and surrender of each such Bond, at the Principal Office of the Trustee.

Section 2.05 Form. The Bonds shall be substantially in the form set forth in Exhibit "A" attached hereto and by this reference incorporated herein. The Bonds may be printed, lithographed, photocopied or typewritten and shall be in such Authorized Denominations as may be determined by the District.

Section 2.06 Additional Bonds. From time to time, the District may enter into (i) one or more other trust agreements or indentures and/or (ii) one or more agreements supplementing and/or amending this Trust Agreement, for the purpose of providing for the issuance of Additional Bonds to refund the Bonds or to refund all or any portion of any Unfunded Liability under the PERS Contract arising subsequent to the issuance of the Bonds or any other obligations due to PERS. Such Additional Bonds may be issued on a parity with the Bonds.

ARTICLE III

EXECUTION, AUTHENTICATION AND EXCHANGE OF BONDS; BOOK ENTRY BONDS

Section 3.01 Execution and Authentication; Registration.

(a) The Bonds will be signed for the District with the manual or facsimile signature of the President of the Board of Directors of the District. The District may deliver to the Trustee or its agent duly executed Bonds for authentication from time to time by the Trustee or its agent as such Bonds may be required. Bonds executed and so delivered and authenticated will be valid. In case any officer of the District whose signature or whose facsimile signature shall appear on any Bonds shall cease to be such officer before the authentication of such Bonds, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication. Also, if a person signing a Bond is the proper officer on the actual date of execution, the Bond will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this Trust Agreement, such person was not such officer.

(b) A Bond will not be valid until the Trustee or its agent executes the certificate of authentication on such Bond by manual signature. Such signature will be conclusive evidence that such Bond has been authenticated under this Trust Agreement. The Trustee may appoint an authenticating agent acceptable to the District to authenticate Bonds. An authenticating agent may authenticate Bonds whenever the Trustee may do so. Each reference in this Trust Agreement to authentication by the Trustee includes authentication by such agent.

(c) Bonds may be presented at the Principal Office of the Trustee, unless a different office has been designated for such purpose, for registration, transfer and exchange. The Registrar will keep a register of such Bonds and of their transfer and exchange.

Section 3.02 Transfer or Exchange of Bonds. Subject to Section 3.03:

(a) All Bonds shall be issued in fully registered form. Upon surrender for transfer of any Bond at the Principal Office of the Trustee, the Trustee shall deliver in the name of the transferee or transferees a new fully authenticated and registered Bond or Bonds of Authorized Denominations of the same maturity for the aggregate principal amount which the Bondholder is entitled to receive.

(b) All Bonds presented for transfer, redemption or payment shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the District, duly executed by the Bondholder or by his duly authorized attorney. The Trustee also may require payment from the Bondholder of a sum sufficient to cover any tax, or other governmental fee or charge that may be imposed in relation thereto. Such taxes, fees and charges shall be paid before any such new Bond shall be delivered.

(c) Bonds delivered upon any transfer as provided herein, or as provided in Section 3.04, shall be valid obligations of the District, evidencing the same debt as the Bond surrendered, shall be secured by this Trust Agreement and shall be entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

(d) The District, the Trustee and the Paying Agent shall treat the Bondholder, as shown on the registration books kept by the Trustee, as the person exclusively entitled to payment of principal, premium, if any, and interest with respect to such Bond and to the exercise of all other rights and powers of the Bondholder, except that all interest payments will be made to the party who, as of the Record Date, is the Bondholder.

Section 3.03 Book-Entry Bonds.

(a) Except as provided in paragraph (c) of this Section 3.03, the registered owner of all of the Bonds shall be DTC and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Except as provided in paragraph (d) of this Section 3.03, payment of principal, interest and premium, if any, for any Bonds registered in the name of Cede & Co. shall be made as provided in the Representation Letter.

(b) The Bonds shall be initially issued in the form of a separate single authenticated fully registered Bond for each separate stated maturity of the Bonds. The Trustee, the Registrar and the District may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of, or interest on, the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Trust Agreement, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Registrar nor the District shall be affected by any notice to the contrary. Neither the Trustee, the Registrar nor the District shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant or any other person which is not shown on the registration books as being a Bondholder, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Bonds, (iii) any notice which is permitted or required to be given to Bondholders under this Trust Agreement, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or (v) any consent given or other action taken by DTC as a Bondholder. The Trustee shall pay, from funds held under the terms of this Trust Agreement or otherwise provided by the District, all principal or redemption price of and interest on the Bonds only to DTC as provided in the Representation Letter and all such payments shall be valid and effective to satisfy and discharge fully the District's obligations with respect to the principal or redemption price of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive authenticated Bonds evidencing the obligation of the District, to make payments of principal or redemption price and interest pursuant to this Trust Agreement. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the name "Cede & Co." in this Trust Agreement shall refer to such new nominee of DTC.

(c) In the event the District determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates and notifies DTC, the Trustee and the Registrar of such determination, then DTC will notify the Participants of the availability through DTC of Bond certificates. In such event, the Trustee shall authenticate and the Registrar shall transfer and exchange Bonds certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the District and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the District and the Trustee shall be obligated to deliver Bond certificates as described in this Trust Agreement. In the event Bond certificates are issued, the provisions of this Trust Agreement shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the District and the Trustee to do so, the Trustee and the District will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Bonds to any Participant having Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or redemption price of and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Trust Agreement by the District or the Trustee with respect to any consent or other action to be taken by Bondholders, the District or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

(f) If the District purchases, or causes the Trustee to purchase, any of the Bonds, such purchase of Bonds shall be deemed to have occurred upon the purchase of beneficial ownership interests in the Bonds from a Participant. Upon receipt by DTC of notice from the District and a Participant that a purchase of beneficial ownership interests in the Bonds has been made by the District from such Participant, DTC shall surrender to the Trustee the Bonds referenced in such notice and, if the principal amount referenced in said notice is less than the principal amount of the Bonds so surrendered, the Trustee shall authenticate and deliver to DTC, in exchange for the Bonds so surrendered, a new Bond or Bonds, as the case may be, in Authorized Denominations and in a principal amount equal to the difference between (i) the principal amount of the Bonds so surrendered and (ii) the principal amount referenced in said notice.

(g) Notwithstanding any provision herein to the contrary, the District and the Trustee may agree to allow DTC, or its nominee, Cede & Co., to make a notation on any Bond redeemed in part to reflect, for informational purposes only, the principal amount and date of any such redemption.

(h) In the event that DTC notifies the District that it is discontinuing the book-entry system for the Bonds, the District may either appoint another entity to hold the Bonds in book-entry form or deliver Bond certificates to the beneficial owners or Participants, as directed by DTC.

Section 3.04 Mutilated, Lost, Stolen or Destroyed Bonds.

(a) In the event any Bond is mutilated or defaced but identifiable by number and description, the District shall execute and the Trustee shall authenticate and deliver a new Bond of like date, maturity and denomination as such Bond, upon surrender thereof to the Trustee; provided that there shall first be furnished to the District and the Trustee proof satisfactory to the Trustee that the Bond is mutilated or defaced. The Bondholder shall accompany the above with a deposit of money required by the District for the cost of preparing the substitute Bond and all other expenses connected with the issuance of such substitute. The District shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Bond is lost, stolen or destroyed, the District may execute and the Trustee may authenticate and deliver a new Bond of like date, maturity and denomination as that Bond lost, stolen or destroyed; provided that there shall first be furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to it.

(c) The District and the Trustee shall charge the Holder of such Bond all transfer taxes, if any, and their reasonable fees and expenses in this connection. All substitute Bonds issued and authenticated pursuant to this Section shall be issued as a substitute and numbered, if numbering is provided for by the Trustee, as determined by the Trustee. In the event any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee.

Section 3.05 Destruction of Bonds. Whenever any Outstanding Bonds shall be delivered to the Trustee for cancellation pursuant to this Trust Agreement, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 3.04 or transfer pursuant to Section 3.02, such Bond shall be cancelled and destroyed by the Trustee and counterparts of a certificate of destruction evidencing such destruction shall, upon the District's request, be furnished by the Trustee to the District.

Section 3.06 Temporary Bonds.

(a) Pending preparation of definitive Bonds, the District may execute and the Trustee shall authenticate and deliver, in lieu of definitive Bonds and subject to the same limitation and conditions, interim receipts, certificates or temporary bonds which shall be exchanged for the Bonds.

(b) If temporary Bonds shall be issued, the District shall cause the definitive Bonds to be prepared and to be executed and delivered to the Trustee, and the Trustee, upon presentation to it of any temporary Bond, shall cancel the same and deliver in exchange therefor at the place designated by the Bondholder, without charge to the Bondholder thereof, definitive Bonds of an equal aggregate principal amount, of the same series, maturity and bearing interest at the same rate or rates as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of this Trust Agreement as the definitive Bonds to be issued and authenticated hereunder.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01 Notices to Trustee; Notices to Bondholders; Notices to DTC.

(a) Notice of redemption shall be given by the Trustee, not less than 30 nor more than 60 days prior to the redemption date: (i) in the case of Bonds not registered in the name of a Securities Depository or its nominee, to the respective Holders of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee; (ii) in the case of Bonds registered in the name of a Securities Depository or its nominee, to such Securities Depository for such Bonds; and (iii) to the Information Services. Notice of redemption to the Holders pursuant to (i) above shall be given by mail at their addresses appearing on the registration books of the Trustee, or any other method agreed upon by such Holder and the Trustee. Notice of redemption to the Securities Depositories pursuant to (ii) above and the Information Services pursuant to (iii) above shall be given by electronically secure means, or any other method agreed upon by such entities and the Trustee.

(b) Each notice of redemption shall state the Bonds or designated portions thereof to be redeemed, the date of redemption, the place of redemption, the redemption price, the CUSIP number (if any) of the Bonds to be redeemed, the distinctive numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or part. Each such notice shall also state that on said date there will become due and payable on each of the Bonds to be redeemed the redemption price, and redemption premium, if any, thereof, and that from and after such redemption date interest thereon shall cease to accrue.

(c) Failure to give the notices described in this Section 4.01 or any defect therein shall not in any manner affect the redemption of any Bonds. Any notice sent as provided herein will be conclusively presumed to have been given whether or not actually received by the addressee.

(d) The District shall have the right to rescind any notice of optional redemption previously sent pursuant to this Section 4.01. Any such notice of rescission shall be sent in the same manner as the notice of redemption. Neither the District nor the Trustee shall incur any liability, to Bond Owners, DTC, or otherwise, as a result of a rescission of a notice of redemption.

Section 4.02 Optional Redemption of Bonds. The Bonds maturing on or after June 1, 20__ may be redeemed at the option of the District from any source of funds on any date on or after June 1, 20__ in whole or in part from such maturities as are selected by the District and by lot within a maturity at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

Section 4.03 Mandatory Sinking Fund Redemption of Bonds. The Bonds maturing June 1, 20__ (the "**20__ Term Bonds**") are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (June 1)	*Principal Amount*
*	

* Final maturity.

The Bonds maturing June 1, 20__ (the "**20__ Term Bonds**") are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (June 1)	*Principal Amount*
*	

* Final maturity.

On or before each May 15 next preceding any mandatory sinking fund redemption date, the Trustee shall proceed to select for redemption pro-rata from all Term Bonds subject to mandatory sinking fund redemption at that time, an aggregate principal amount of such Term Bonds equal to the amount for such year as set forth in the table above and shall call such Term Bonds or portions thereof for redemption and give notice of such redemption in accordance with the terms of Section 4.01. At the option of the District, to be exercised by delivery of a written certificate to the Trustee on or before May 15 next preceding any mandatory sinking fund redemption date, it may (a) deliver to the Trustee for cancellation Term Bonds or portions thereof (in the amount of an Authorized Denomination) of the stated maturity subject to such redemption or (b) specify a principal amount of such Term Bonds or portions thereof (in the amount of an Authorized Denomination) which prior to said date have been purchased or redeemed (otherwise than under the provisions of this Section 4.03) and cancelled by the Trustee at the request of the District and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Term Bonds or portion thereof so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount of the Term Bonds so delivered to the Trustee by the District against the obligation of the District on such mandatory sinking fund redemption date.

Section 4.04 Payment of Bonds Called for Redemption; Effect of Redemption Call.

(a) Upon surrender to the Trustee or the Trustee's agent, Bonds called for redemption shall be paid at the redemption price stated in the notice, plus interest accrued to the redemption date.

(b) On the date so designated for redemption, notice having been given in the manner and under the conditions provided herein relating to such Bonds as are to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, the Bonds so called for redemption shall become and be due and payable on the redemption date, interest on such Bonds shall cease to accrue, such Bonds shall cease to be entitled to any lien, benefit or security under this Trust Agreement and the owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price and accrued interest to the redemption date.

(c) Bonds which have been duly called for redemption under the provisions of this Article IV and for the payment of the redemption price of which moneys shall be deposited in the Redemption Fund or otherwise held in trust for the Holders of the Bonds to be redeemed, all as provided in this Trust Agreement, shall not be deemed to be Outstanding under the provisions of this Trust Agreement.

Section 4.05 Selection of Bonds for Redemption; Bonds Redeemed in Part. Bonds are subject to redemption pro rata within a maturity. Upon surrender of a Bond to be redeemed in part, the Trustee will authenticate for the registered owner a new Bond or Bonds of the same maturity and tenor equal in principal amount to the unredeemed portion of the Bond surrendered.

ARTICLE V

APPLICATION OF PROCEEDS; SOURCE OF PAYMENT OF BONDS

Section 5.01 Application of Proceeds and District Contribution. The net proceeds of the sale of the Bonds received by the Trustee, $______________ ($____________________ principal amount, less $__________ underwriter's discount), shall be deposited by the Trustee as follows:

(i) the sum of $__________ shall be deposited into the Costs of Issuance Fund;

(ii) the sum of $__________ representing capitalized interest on the Bonds through the first ___ Bond Years shall be deposited into the Bond Interest Account of the Revenue Fund;

(iii) the sum of $____________, together with $_____ transferred by the District to the Trustee, shall be transferred to PERS and used to pay the Unfunded Liability relating the Fire Safety Plan;

(iv) the sum of $____________, together with $_____ transferred by the District to the Trustee, shall be transferred to PERS and used to pay the Unfunded Liability relating to the Miscellaneous Plan.

Section 5.02 Sources of Payment of Bonds; Semi-Annual Payments by the District.

(a) The District shall provide for payment of principal or redemption price of and interest on the Bonds from any source of legally available funds of the District. If any Bonds are Outstanding, the District shall, no later than three Business Days preceding each Interest Payment Date beginning December 1, 2020, deliver funds to the Trustee for deposit to the Revenue Fund in an aggregate amount equal to the portion of the Annual Debt Service coming due on such Interest Payment Date (less amounts on deposit in the Revenue Fund).

(b) The Bonds shall be obligations of the District payable from any lawfully available funds, shall not be limited as to payment to any special source of funds of the District, and shall be subject to appropriation in accordance with Section 8.01 hereof. The Bonds do not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

ARTICLE VI

CREATION OF CERTAIN FUNDS AND ACCOUNTS

Section 6.01 Creation of Costs of Issuance Fund. There is hereby created a Fund to be held by the Trustee designated "North County Fire Protection District 2020 Taxable Pension Obligation Bonds Costs of Issuance Fund" (the "**Costs of Issuance Fund**"). Funds on deposit in the Costs of Issuance Fund shall be used to pay or to reimburse the District for the payment of Costs of Issuance. Amounts in the Costs of Issuance Fund shall be disbursed by the Trustee upon Written Requisition in the form of Exhibit "B" executed by an Authorized District Representative.

At such time as the District delivers to the Trustee written notice that all Costs of Issuance have been paid or otherwise notifies the Trustee in writing that no additional amounts from the Costs of Issuance Fund will be needed to pay Costs of Issuance, the Trustee shall transfer all amounts then remaining in the Costs of Issuance Fund to the Bond Interest Account of the District unless otherwise directed by the District. At such time as no amounts remain in the Costs of Issuance Fund, such Fund shall be closed.

Section 6.02 Creation of Revenue Fund and Certain Accounts. There is hereby created a Fund to be held by the Trustee designated "North County Fire Protection District 2020 Taxable Pension Obligation Bonds Revenue Fund" (the "**Revenue Fund**"). There are hereby created in the Revenue Fund two separate Accounts designated "**Bond Interest Account**" and "**Bond Principal Account**".

(a) All amounts received by the Trustee from the District in respect of interest payments on the Bonds shall be deposited in the Bond Interest Account and shall be disbursed to the applicable Bondholders to pay interest on the Bonds. All amounts held at any time in the Bond Interest Account (including amounts deposited pursuant to Section 6.03) shall be held for the security and payment of interest on the Bonds pursuant to this Trust Agreement. If at any time funds on deposit in the Bond Interest Account are insufficient to provide for the payment of such interest, the District shall promptly deposit funds to such Account to cure such deficiency. On June 2 of each year beginning in 2021, so long as no Event of Default has occurred and is continuing, the Trustee shall transfer all amounts on deposit in the Bond Interest Account to the Revenue Fund to be used for any lawful purpose.

(b) All amounts received by the Trustee from the District in respect of principal payments on the Bonds shall be deposited in the Bond Principal Account and all amounts in the Bond Principal Account will be disbursed to pay principal on the Bonds pursuant to this Trust Agreement. If at any time funds on deposit in the Bond Principal Account are insufficient to provide for the payment of such principal, the District shall promptly deposit funds to such Account to cure such deficiency.

(c) The moneys in such Funds and Accounts shall be held by the Trustee in trust and applied as herein provided and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and Outstanding under this Trust Agreement and for the further security of such holders until paid out or transferred as hereinafter provided.

Section 6.03 Creation of Redemption Fund. A Fund to be held by the Trustee is hereby created and designated the "North County Fire Protection District 2020 Taxable Pension Obligation Bonds Redemption Fund" (the "**Redemption Fund**"). All moneys deposited by the District with the Trustee for the purpose of redeeming Bonds shall be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds in the manner, at the times and upon the terms and conditions specified in this Trust Agreement; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of written instructions from an Authorized District Representative, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges) as directed by the District.

Section 6.04 Moneys Held in Redemption Fund. All moneys which shall have been withdrawn from the Revenue Fund and deposited in the Redemption Fund for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective Holders of such Bonds.

Section 6.05 Unclaimed Moneys. Any moneys which shall be set aside or deposited in the Redemption Fund, the Bond Principal Account, the Bond Interest Account or any other Fund or Account for the benefit of Holders of Bonds and which shall remain unclaimed by the Holders of such Bonds for a period of one year after the date on which such Bonds shall have become due and payable (or such longer period as shall be required by State law) shall be paid to the District, and thereafter the Holders of such Bonds shall look only to the District for payment and the District shall be obligated to make such payment, but only to the extent of the amounts so received without any interest thereon, and the Trustee and any Paying Agent shall have no responsibility with respect to any of such moneys.

ARTICLE VII

CONCERNING PAYING AGENT

Section 7.01 Paying Agent; Appointment and Acceptance of Duties. The District hereby appoints the Trustee as the Paying Agent for the Bonds.

Section 7.02 Paying Agent - General Responsibilities.

(a) The District may at any time or from time to time appoint a different Paying Agent or Paying Agents for the Bonds, and each Paying Agent, if other than the Trustee, shall be a commercial bank with trust powers and shall designate to the District and the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the District under which each such Paying Agent will agree, particularly:

(i) to hold all sums held by it for the payment of the principal of, and premium or interest on, Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or otherwise disposed of as herein provided;

(ii) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the District and the Trustee at all reasonable times upon reasonable prior notice; and

(iii) upon the request of the Trustee, to forthwith deliver to the Trustee all sums so held in trust by such Paying Agent.

(b) The Paying Agent shall perform the duties and obligations set forth in this Trust Agreement, and in particular shall hold all sums delivered to it by the Trustee for the payment of principal or premium of and interest on the Bonds for the benefit of the Bondholders until such sums shall be paid to such Bondholders or otherwise disposed of as herein provided.

(c) In performing its duties hereunder, the Paying Agent shall be entitled to all of the rights, protections and immunities accorded to the Trustee under the terms of this Trust Agreement.

Section 7.03 Certain Permitted Acts. Any Fiduciary may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Trust Agreement, whether or not any such committee shall represent the owners of a majority in Total Bond Obligation of the Bonds then Outstanding.

Section 7.04 Resignation or Removal of Paying Agent and Appointment of Successor.

(a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Trust Agreement in accordance with the provisions set forth in this Trust Agreement for the removal of the Trustee by giving at least 60 days' written notice to the District and the other Fiduciaries. Any Paying Agent may be removed at any time upon 30 days prior written notice by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized District Representative. Any successor Paying Agent shall be appointed by the District with the approval of the Trustee and shall be a commercial bank with trust powers or trust company organized under the laws of any state of the United States, having capital stock and surplus aggregating at least $100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Trust Agreement.

(b) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall assign and deliver any moneys and Bonds, including authenticated Bonds, held by it to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

ARTICLE VIII

COVENANTS OF THE DISTRICT

Section 8.01 Payment of Principal and Interest. The District covenants and agrees that it will duly and punctually pay or cause to be paid the principal, premium, if any, and interest on every Bond at the place and on the dates and in the manner specified herein and in the Bonds, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements contained herein and in the Bonds and the District agrees that time is of the essence of this Trust Agreement. The obligations of the District under the Bonds, including the obligation to make all payments of principal, premium, if any, and interest when due, are absolute and unconditional, without any right of set-off or counter claim.

The District shall in each Fiscal Year include in its budget a provision to provide funds in an amount sufficient to pay the principal, premium, if any, and interest on the Bonds coming due in such Fiscal Year, but only to the extent that such amounts exceed the amount of available funds then on deposit in the Revenue Fund, and shall make annual appropriations for all such amounts. If such principal, premium, if any, and interest on the Bonds coming due in any Fiscal Year exceeds the sum of amounts budgeted in respect thereof together with amounts then on deposit in the Revenue Fund, then the District shall amend or supplement the budget to provide for such excess amounts. The covenants contained in this Section shall be deemed to be and shall be duties imposed by law and it shall be the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in this Trust Agreement agreed to be carried out and performed by the District.

Section 8.02 Performance of Covenants by District; Authority; Due Execution. The District covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Trust Agreement, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The District covenants that it is duly authorized under the Constitution and laws of the State to issue the Bonds.

Section 8.03 Instruments of Further Assurance. The District covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered such further acts, instruments and transfers as the Trustee may reasonably request for the better assuring and confirming to the Trustee all the rights and obligations of the District under and pursuant to this Trust Agreement. The District shall, upon the reasonable request of the Trustee, from time to time execute and deliver such further instructions and take such further action as may be reasonable and as may be required to effectuate the purposes of this Trust Agreement or any provisions hereof; provided, however, that no such instruments or actions shall pledge the full faith and credit or the taxing powers of the State.

Section 8.04 No Inconsistent Action. The District covenants that no contract or contracts will be entered into or any action taken by the District which shall be inconsistent with the provisions of this Trust Agreement.

Section 8.05 No Adverse Action. The District covenants that it will not take any action which will have a material adverse effect upon the rights of the Holders of the Bonds.

Section 8.06 Maintenance of Powers. The District covenants that it will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to applicable law and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Bonds or the performance or observance of any of the covenants herein contained.

Section 8.07 Covenants of District Binding on Successors.

(a) All covenants, stipulations, obligations and agreements of the District contained in this Trust Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the District to the full extent authorized or permitted by law. If the powers or duties of the District shall hereafter be transferred by amendment of any provision of the Constitution or any other law of the State or in any other manner there shall be a successor to the District, and if such transfer shall relate to any matter or thing permitted or required to be done under this Trust Agreement by the District, then the entity that shall succeed to such powers or duties of the District shall act and be obligated in the place and stead of the District as provided in this Trust Agreement, and all such covenants, stipulations, obligations and agreements herein shall be binding upon such successor or successors thereof from time to time and upon any officer, board, body, district, authority or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

(b) Except as otherwise provided in this Trust Agreement, all rights, powers and privileges conferred and duties and liabilities imposed upon the District by the provisions of this Trust Agreement shall be exercised or performed by the District or by such officers, board, body, district, authority or commission as may be required by law to exercise such powers or to perform such duties.

Section 8.08 Trust Agreement to Constitute a Contract. This Trust Agreement is executed by the District for the benefit of the Bondholders and constitutes a contract with the Bondholders.

Section 8.09 District to Perform Pursuant to Continuing Disclosure Certificate. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Trust Agreement, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default under this Trust Agreement; provided, however, the obligations of the District to comply with the provisions of the Continuing Disclosure Certificate shall be enforceable by any Participating Underwriter or any Holder of Outstanding Bonds, or by the Trustee on behalf of the Holders of Outstanding Bonds; provided, further, that the Trustee shall not be required to take any enforcement action whatsoever except at the written direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with security and indemnity to its satisfaction, including without limitation, attorney's fees and expenses. The Participating Underwriter's, Holders' and Trustee's rights to enforce the provisions of the Continuing Disclosure Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the District's obligations under the Continuing Disclosure Certificate. Notwithstanding the foregoing, the District shall be entitled to amend or rescind the Continuing Disclosure Certificate to the extent permitted by law.

ARTICLE IX

INVESTMENTS

Section 9.01 Investments Authorized. Money held by the Trustee in any fund or account hereunder shall be invested by the Trustee in Permitted Investments pending application as provided herein solely at the prior written direction of an Authorized District Representative, shall be registered in the name of the Trustee where applicable, as Trustee, and shall be held by the Trustee. The District shall direct the Trustee prior to 12:00 p.m. Pacific time on the last Business Day before the date on which a Permitted Investment matures or is redeemed as to the reinvestment of the proceeds thereof. In the absence of such direction, the Trustee shall invest in investments authorized under clause (8) contained in the definition of "Permitted Investments." The Trustee may rely on the District's certification in such investment instructions that such investments are permitted by law and by any policy guidelines promulgated by the District. Money held in any fund or account hereunder may be commingled for purposes of investment only.

The Trustee may, with the prior written approval of an Authorized District Representative, purchase from or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 9.01. Any investments and reinvestments shall be made after giving full consideration to the time at which funds are required to be available hereunder and to the highest yield practicably obtainable giving due regard to the safety of such funds and the date upon which such funds will be required for the uses and purposes required by this Trust Agreement. The Trustee or any of its affiliates may act as agent in the making or disposing of any investment and may act as sponsor or advisor with respect to any Permitted Investment. For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

Section 9.02 Reports. The Trustee shall furnish monthly to the District a report of all investments made by the Trustee and of all amounts on deposit in each fund and account maintained hereunder.

Section 9.03 Valuation and Disposition of Investments. For the purpose of determining the amount in any fund or account hereunder, all Permitted Investments shall be valued at the market value thereof not later than July 1 of each year. With the prior written approval of an Authorized District Representative, the Trustee may sell at the best price obtainable, or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide money to meet any required payment, transfer, withdrawal or disbursement from any fund or account hereunder, and the Trustee shall not be liable or responsible for any loss resulting from such investment or sale, except any loss resulting from its own negligence or willful misconduct.

Section 9.04 Application of Investment Earnings. Investments in any Fund or Account shall be deemed at all times to be a part of such Fund or Account, and any profit realized from such investment shall be credited to such Fund or Account and any loss resulting from such investment shall be charged to such Fund or Account. Interest earnings on investments in any Fund or Account shall be deposited in the Bond Interest Account of the Revenue Fund.

ARTICLE X

DEFEASANCE

Section 10.01 Discharge of Bonds; Release of Trust Agreement. Bonds or portions thereof (such portions to be in an Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be entitled to the benefits of this Trust Agreement except for the purposes of payment from moneys and Defeasance Securities. When all Bonds which have been issued under this Trust Agreement have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the District, including all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agents, have been paid or are duly provided for, then the Trustee shall cancel, discharge and release this Trust Agreement, shall execute, acknowledge and deliver to the District such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and such satisfaction and discharge and shall assign and deliver to the District any amounts at the time subject to this Trust Agreement which may then be in the Trustee's possession, except funds or securities in which such funds are invested and held by the Trustee or the Paying Agents for the payment of the principal, premium, if any, and interest on the Bonds.

Section 10.02 Bonds Deemed Paid.

(a) A Bond shall be deemed to be paid within the meaning of this Article X and for all purposes of this Trust Agreement when (i) payment with respect thereto of the principal, interest and premium, if any, either (1) shall have been made or caused to be made in accordance with the terms of the Bonds and this Trust Agreement or (2) shall have been provided for, as certified to the Trustee by a Consultant who is a certified public accountant, by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment: (x) moneys sufficient to make such payment, and/or (y) Defeasance Securities maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (ii) all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as Bonds shall be deemed to be paid hereunder, such Bonds shall no longer be secured by or entitled to the benefits of this Trust Agreement, except for the purposes of payment from such moneys and Defeasance Securities.

(b) Notwithstanding the foregoing paragraph, no deposit under clause (i)(2) of the immediately preceding paragraph shall be deemed a payment of such Bonds until (i) proper notice of redemption of such Bonds shall have been given in accordance with Section 4.01, or in the event such Bonds are not to be redeemed within the next succeeding 60 days, until the District shall have given the Trustee irrevocable instructions to notify, as soon as practicable, the holders of the Bonds in accordance with Section 4.01, that the deposit required by clause (i)(2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Article XI and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and unpaid interest on such Bonds; or (ii) the maturity of such Bonds.

ARTICLE XI

DEFAULTS AND REMEDIES

Section 11.01 Events of Default. Each of the following events shall constitute and is referred to in this Trust Agreement as an "**Event of Default**":

(a) a failure to pay the principal or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Bonds when such interest shall become due and payable;

(c) a failure by the District to observe and perform any covenant, condition, agreement or provision (other than as specified in clauses (a) and (b) of this Section 11.01) contained in the Bonds or in this Trust Agreement on the part of the District to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the District by the Trustee; provided, however, that the Trustee shall be deemed to have agreed to an extension of such period if corrective action is initiated by the District within such period and is being diligently pursued; or

(d) if the District files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself.

Upon its actual knowledge of the occurrence of any Event of Default, the Trustee shall immediately give written notice thereof to the District.

Section 11.02 Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and shall upon the written direction of the holders of a majority of the Total Bond Obligation of the Bonds then Outstanding and, in each case, receipt of indemnity to its satisfaction, in its own name and as the Trustee of an express trust:

(1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders hereunder, as the case may be, and require the District to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Refunding Law or any other law to which it is subject and this Trust Agreement; provided that any such remedy may be taken only to the extent permitted under the applicable provisions of this Trust Agreement;

(2) bring suit upon the defaulted Bonds;

(3) commence an action or suit in equity to require the District to account as if it were the trustee of an express trust for the Bondholders; or

(4) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders hereunder.

(b) The Trustee shall be under no obligation to take any action with respect to any Event of Default unless the Trustee has actual knowledge of the occurrence of such Event of Default.

Section 11.03 Restoration to Former Position. In the event that any proceeding taken by the Trustee to enforce any right under this Trust Agreement shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the District, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 11.04 Bondholders' Right to Direct Proceedings on their Behalf. Anything in this Trust Agreement to the contrary notwithstanding, Holders of a majority in Total Bond Obligation shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings on their behalf available to the Trustee under this Trust Agreement to be taken in connection with the enforcement of the terms of this Trust Agreement or exercising any trust or power conferred on the Trustee by this Trust Agreement; provided that such direction shall not be otherwise than in accordance with the provisions of the law and this Trust Agreement and that there shall have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee; provided further that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Section 11.05 Limitation on Bondholders' Rights to Institute Proceedings. No owner of any Bond shall have the right to institute any suit, action or proceeding at law in equity, for the protection or enforcement of any right or remedy under this Trust Agreement, or applicable law with respect to such Bond, unless (a) such owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the owners of not less than a majority in Total Bond Obligation shall have made written request upon the Trustee to exercise the powers heretofore granted or to institute such suit, action or proceeding in its own name; (c) such owner or said owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have refused or failed to comply with such request for a period of 60 days after such written request shall have been received by and said tender of indemnity shall have been made to, the Trustee and (e) the Trustee shall not have received contrary directions from the owners of a majority in aggregate principal amount of the Total Bonds Obligation.

Section 11.06 No Impairment of Right to Enforce Payment. Notwithstanding any other provision in this Trust Agreement, the right of any Bondholder to receive payment of the principal of and interest on such Holder's Bond, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Section 11.07 Proceedings by Trustee Without Possession of Bonds. All rights of action under this Trust Agreement or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Bondholders, as the case may be, subject to the provisions of this Trust Agreement.

Section 11.08 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or to Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Trust Agreement or the Bonds shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section 11.08.

Section 11.09 No Waiver of Remedies. No delay or omission of the Trustee or of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein and every power and remedy given by this Article XII to the Trustee and to the Bondholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 11.10 Application of Moneys.

(a) Any moneys received by the Trustee for the benefit of Bondholders, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of this Article XII, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee (including without limitation reasonable fees and reasonable expenses of its attorneys), shall be deposited in the Revenue Fund and all moneys so deposited in the Revenue Fund during the continuance of an Event of Default shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum borne by the Bonds, as the case may be, in the order of maturity of the installments of such interest (if the amount available for such interest installments shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment), and if the amount available for such interest shall not be sufficient to make payment thereof, then to the payment thereof ratably according to the respective aggregate amounts due and (ii) second, to the payment to the persons entitled thereto of the unpaid principal, as applicable, of any of the Bonds which shall have become due with interest on such Bonds at their respective rate from the respective dates upon which they became due (if the amount available for such unpaid principal and interest shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege among Holders of Bonds), and, if the amount available for such principal and interest shall not be sufficient to make full payment thereof, then to the payment thereof ratably according to the respective aggregate amounts due.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section 11.10, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail to all Bondholders and shall not be required to make payment to any Bondholder until such Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 11.11 Severability of Remedies. It is the purpose and intention of this Article XII to provide rights and remedies to the Trustee and the Bondholders which may be lawfully granted under the provisions of applicable law, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Trust Agreement and by applicable law.

Section 11.12 Additional Events of Default and Remedies. So long as any Bonds are Outstanding, the Events of Default and remedies as set forth in this Article XII may be supplemented with additional Events of Default and remedies as set forth from time to time in a supplemental agreement.

ARTICLE XII

TRUSTEE; REGISTRAR

Section 12.01 Acceptance of Trusts. The Trustee hereby accepts and agrees to execute the trusts specifically imposed upon it by this Trust Agreement, but only upon the additional terms set forth in this Article XIII, to all of which the District agrees and the respective Bondholders agree by their acceptance of delivery of any of the Bonds.

Section 12.02 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee need perform only those duties that are specifically set forth in this Trust Agreement and no others; and

(ii) in the absence of negligence on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Trust Agreement. However, the Trustee shall examine the certificates and opinions to determine whether they conform to the requirements of this Trust Agreement.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section 12.02;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action it takes or fails to take in good faith in accordance with a direction received by it from Bondholders or the District in the manner provided in this Trust Agreement; and

(iv) no provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Every provision of this Trust Agreement that in any way relates to the Trustee is subject to all the paragraphs of this Section 12.02.

(e) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity reasonably satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any cash held by it except as the Trustee may agree with the District.

Section 12.03 Rights of Trustee.

(a) The recitals of facts contained herein and in the Bonds shall be taken as statements of the District, and the Trustee assumes no responsibility for the correctness of the same (other than the certificate of authentication of the Trustee on each Bond), and makes no representations as to the validity or sufficiency of this Trust Agreement or of the Bonds or of any Permitted Investment and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly assigned to or imposed upon it herein or in the Bonds. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence, willful misconduct or breach of the express terms and conditions hereof. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Holder of a Bond may be entitled to take, with like effect as if the Trustee was not the Trustee under this Trust Agreement.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the opinion of such counsel shall be authorization for any action taken or not taken in reliance on such opinion, but the Trustee shall be answerable for the negligence or misconduct of any such attorney, agent or receiver selected by it.

(c) No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(d) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the District, personally or by agent or attorney.

(e) The Trustee shall not be responsible for the application or handling by the District of any moneys transferred to or pursuant to any requisition or request of the District in accordance with the terms and conditions hereof.

(f) Whether or not therein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article XIII.

(g) The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, facsimile transmission, electronic mail, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(h) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(i) The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Trust Agreement provided, however, that: (x) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (y) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (z) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

Section 12.04 Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the District with the same rights it would have if it were not Trustee. Any Paying Agent or other agent may do the same with like rights.

Section 12.05 Trustee's Disclaimer. The Trustee makes no representations as to the validity or adequacy of this Trust Agreement or the Bonds, it shall not be accountable for the District's use of the proceeds from the Bonds paid to the District and it shall not be responsible for any statement in any official statement or other disclosure document or in the Bonds other than its certificate of authentication.

Section 12.06 Notice of Defaults. If an event occurs which with the giving of notice or lapse of time or both would be an Event of Default, and if the event is continuing and if it is actually known to the Trustee, the Trustee shall mail to each Bondholder notice of the event within 90 days after it occurs. Except in the case of a default in payment or purchase on any Bonds, the Trustee may withhold the notice to Bondholders if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Bondholders.

Section 12.07 Compensation of Trustee. The District shall from time to time, but only in accordance with a written agreement in effect with the Trustee, pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee for all its reasonable advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. The Trustee shall not otherwise have any claims or lien for payment of compensation for its services against any other moneys held by it in the funds or accounts established hereunder, except as provided in Section 11.10, but may take whatever legal actions are lawfully available to it directly against the District. To the extent permitted by applicable law, the District agrees to indemnify and save the Trustee, its officers, employees, directors and agents, harmless against any costs, expenses, claims or liabilities whatsoever, including, without limitation, fees and expenses of its attorneys, that it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or willful misconduct. The agreement contained in this Section shall survive the payment of the Bonds, the discharge of this Trust Agreement and the appointment of a successor trustee.

Section 12.08 Eligibility of Trustee. This Trust Agreement shall always have a Trustee that is a trust company, a bank or association having trust powers and is organized and doing business under the laws of the United States or any state or the District of Columbia, is subject to supervision or examination by United States, state or District of Columbia authority and has a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition.

Section 12.09 Replacement of Trustee.

(a) The Trustee may resign as trustee hereunder by notifying the District in writing prior to the proposed effective date of the resignation. The Holders of a majority in Total Bond Obligation of the Bonds may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the District's consent. The District may remove the Trustee, by notice in writing delivered to the Trustee 30 days prior to the proposed removal date; provided, however, that the District shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing unless (i) the Trustee fails to comply with the foregoing Section, (ii) the Trustee is adjudged a bankrupt or an insolvent, (iii) the Trustee otherwise becomes incapable of acting or (iv) the District determines that the Trustee's services are no longer satisfactory to the District. No resignation or removal of the Trustee under this Section shall be effective until a new Trustee has taken office. If the Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under this Trust Agreement, the District shall promptly appoint a successor Trustee.

(b) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the District. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Trust Agreement. If a Trustee is not performing its duties hereunder and a successor Trustee does not take office within 60 days after the retiring Trustee delivers notice of resignation or the District delivers notice of removal, the retiring Trustee, the District or the Holders of a majority in Total Bond Obligation of the Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Section 12.10 Successor Trustee or Agent by Merger. If the Trustee, any Paying Agent or Registrar consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust business) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee, Paying Agent or Registrar.

Section 12.11 Registrar. The District shall appoint the Registrar for the Bonds and may from time to time remove a Registrar and name a replacement upon notice to the Trustee. The District hereby appoints the Trustee as Registrar. Each Registrar, if other than the Trustee, shall designate to the Trustee, the Paying Agent, and the District its principal office and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the District and the Trustee under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the District, the Trustee, and the Paying Agent at all reasonable times.

Section 12.12 Other Agents. The District or the Trustee may from time to time appoint other agents to perform duties and obligations under this Trust Agreement which agents may include, but not be limited to, authenticating agents all as provided by resolution of the District.

Section 12.13 Several Capacities. Anything in this Trust Agreement to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, Registrar and any other agent as appointed to perform duties or obligations under this Trust Agreement or an escrow agreement, or in any combination of such capacities, to the extent permitted by law.

Section 12.14 Accounting Records and Reports of Trustee.

(a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all Funds and Accounts established pursuant to this Trust Agreement and held by the Trustee. Such books of record and account shall be available for inspection by the District and any Bondholder, or his agent or representative duly authorized in writing, at reasonable hours and under reasonable circumstances.

(b) The Trustee shall file and furnish to the District and to each Bondholder who shall have filed his name and address with the Trustee for such purpose (at such Bondholder's cost), on an annual basis (or, with respect to the District, such other interval that the District may request), a complete financial statement (which may be its regular account statements and which need not be audited) covering receipts, disbursements, allocation and application of moneys in any of the funds and accounts established pursuant to this Trust Agreement for the preceding year.

Section 12.15 No Remedy Exclusive. No remedy herein conferred upon or reserved to the District is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

ARTICLE XIII

MODIFICATION OF THIS TRUST AGREEMENT

Section 13.01 Limitations. This Trust Agreement shall not be modified or amended in any respect subsequent to the first delivery of fully executed and authenticated Bonds except as provided in and in accordance with and subject to the provisions of this Article XIV.

Section 13.02 Supplemental Agreements Not Requiring Consent of Bondholders.

(a) The District may, from time to time and at any time, without the consent of or notice to the Bondholders, execute and deliver supplemental agreements supplementing and/or amending this Trust Agreement as follows:

(i) to cure any defect, omission, inconsistency or ambiguity in this Trust Agreement;

(ii) to add to the covenants and agreements of the District in this Trust Agreement other covenants and agreements, or to surrender any right or power reserved or conferred upon the District, and which shall not adversely affect the interests of the Bondholders;

(iii) to confirm, as further assurance, any interest of the Trustee in and to the Funds and Accounts held by the Trustee or in and to any other moneys, securities or funds of the District provided pursuant to this Trust Agreement or to otherwise add security for the Bondholders;

(iv) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(v) to modify, alter, amend or supplement this Trust Agreement in any other respect which, in the judgment of the District, is not materially adverse to the Bondholders;

(vi) to qualify the Bonds for a rating or ratings by any Rating Agency; and

(vii) to authorize the issuance of Additional Bonds in accordance with this Trust Agreement.

(b) Before the District shall, pursuant to this Section 14.02, execute any supplemental agreement there shall have been delivered to the District an opinion of Bond Counsel to the effect that such supplemental agreement (i) is authorized or permitted by this Trust Agreement and the Refunding Law, and (ii) will, upon the execution and delivery thereof, be valid and binding upon the District in accordance with its terms, subject to the typical exceptions.

Section 13.03 Supplemental Agreement Requiring Consent of Bondholders.

(a) Except for any supplemental agreement entered into pursuant to Section 14.02, the Holders of not less than a majority in Total Bond Obligation shall have the right from time to time to consent to and approve the execution by the District of any supplemental agreement deemed necessary or desirable by the District for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement or in a supplemental agreement; provided, however, that, unless approved in writing by the Holders of all the Bonds then Outstanding, nothing contained herein shall permit or be construed as permitting (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon; and provided that nothing contained herein, including the provisions of Section 14.03(b) below, shall, unless approved in writing by the Holders of all the Bonds then Outstanding, permit or be construed as permitting (1) a preference or priority of any Bond or Bonds over any other Bond or Bonds or (2) a reduction in the aggregate principal amount of Bonds the consent of the Holders of which is required for any such supplemental agreement. Nothing herein contained, however, shall be construed as making necessary the approval by Holders of the execution of any supplemental agreement as authorized in Section 14.02.

(b) If at any time the District shall desire to enter into any supplemental agreement for any of the purposes of this Section 14.03, the District shall cause notice of the proposed execution of the supplemental agreement to be given by Mail to all Holders. Such notice shall briefly set forth the nature of the proposed supplemental agreement and shall state that a copy thereof is on file at the office of the District for inspection by all Holders.

(c) Within two weeks after the date of the first mailing of such notice, the District may execute and deliver such supplemental agreement in substantially the form described in such notice, but only if there shall have first been delivered to the District (i) the required consents, in writing, of Holders and (ii) an opinion of Bond Counsel stating that such supplemental agreement is authorized or permitted by this Trust Agreement and other applicable law, complies with their respective terms and, upon the execution and delivery thereof, will be valid and binding upon the District in accordance with its terms.

(d) If Holders of not less than the percentage of Bonds required by this Section 14.03 shall have consented to and approved the execution and delivery thereof as herein provided, no Holders shall have any right to object to the adoption of such supplemental agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the District from executing the same or from taking any action pursuant to the provisions thereof.

Section 13.04 Effect of Supplemental Agreements. Upon execution and delivery of any supplemental agreement pursuant to the provisions of this Article XIV, this Trust Agreement and all supplemental agreements shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement and all supplemental agreements of the District, the Trustee, the Registrar, any Paying Agent and all Holders shall thereafter be determined, exercised and enforced under this Trust Agreement and all supplemental agreements, subject in all respects to such modifications and amendments.

Section 13.05 Supplemental Agreements to be Part of this Trust Agreement. Any supplemental agreement adopted in accordance with the provisions of this Article XIV shall thereafter form a part of this Trust Agreement or the supplemental agreement which they supplement or amend, and all of the terms and conditions contained in any such supplemental agreement as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Trust Agreement which they supplement or amend for any and all purposes.

ARTICLE XIV

MISCELLANEOUS PROVISIONS

Section 14.01 Parties in Interest. Except as herein otherwise specifically provided, nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the District, the Paying Agent, the Trustee, and the Bondholders any right, remedy or claim under or by reason of this Trust Agreement, this Trust Agreement being intended to be for the sole and exclusive benefit of the District, the Paying Agent, the Trustee and the Bondholders.

Section 14.02 Severability. In case any one or more of the provisions of this Trust Agreement, or of any Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Trust Agreement or of Bonds, and this Trust Agreement and any Bonds issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 14.03 No Personal Liability of District Officials; Limited Liability of District to Bondholders.

(a) No covenant or agreement contained in the Bonds or in this Trust Agreement shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the District in his individual capacity, and neither the members of the Board of Directors of the District nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

(b) Except for the payment when due of the payments and the observance and performance of the other agreements, conditions, covenants and terms required to be performed by it contained in this Trust Agreement, the District shall not have any obligation or liability to the Bondholders with respect to this Trust Agreement or the preparation, execution, delivery, transfer, exchange or cancellation of the Bonds or the receipt, deposit or disbursement of the payments by the Trustee, or with respect to the performance by the Trustee of any obligation required to be performed by it contained in this Trust Agreement.

Section 14.04 Execution of Instruments; Proof of Ownership.

(a) Any request, direction, consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(i) the fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution; and

(ii) the ownership of Bonds shall be proved by the registration books kept under the provisions of Section 3.01 hereof;

(b) Nothing contained in this Section 15.04 shall be construed as limiting the Trustee to such proof. The Trustee may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of, or assignment by any Bondholder shall bind every future Bondholder of the same Bonds or any Bonds issued in lieu thereof in respect of anything done by the Trustee or the District in pursuance of such request or consent.

Section 14.05 Governing Law; Venue. This Trust Agreement is made in the State under the Constitution and laws of the State and is to be so construed. If any party to this Trust Agreement initiates any legal or equitable action to enforce the terms of this Trust Agreement, to declare the rights of the parties under this Trust Agreement or which relates to this Trust Agreement in any manner, each such party agrees that the place of making and for performance of this Trust Agreement shall be the County of San Diego, State of California, and the proper venue for any such action is the Superior Court of the State of California, in and for the County of San Diego.

Section 14.06 Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Trust Agreement or the Bonds must be in writing except as expressly provided otherwise in this Trust Agreement or the Bonds.

(b) The Trustee shall give written notice to the Rating Agencies if at any time (i) a successor Trustee is appointed under this Trust Agreement, (ii) there is any amendment to this Trust Agreement, (ii) Bonds are to be redeemed pursuant to Section 4.02, (iv) notice of any defeasance of the Bonds, or (v) if the Bonds shall no longer be Book-Entry Bonds. Notice in the case of an event referred to in clause (ii) hereof shall include a copy of any such amendment.

(c) Except as otherwise required herein, all notices required or authorized to be given to the District, the Trustee and Paying Agent, and the Rating Agencies pursuant to this Trust

Agreement shall be in writing and shall be sent by registered or certified mail, postage prepaid, to the following addresses:

1. if to the District, to:

   North County Fire Protection District
   330 South Main Avenue
   Fallbrook, California 92028
   Attention: Fire Chief/CEO
   Telephone: (760) 723-2005

2. if to the Trustee and Paying Agent, to:

   U.S. Bank National Association
   633 W. Fifth Street, 24th Floor
   Los Angeles, California 90071
   Attention: Global Corporate Trust
   Ref: North County Fire Protection District

3. if to S&P, to:

   S&P Global Ratings
   55 Water Street
   New York, New York 10041

or to such other addresses as may from time to time be furnished to the parties, effective upon the receipt of notice thereof given as set forth above.

Section 14.07 Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Trust Agreement, shall not be a Business Day, such payment may, unless otherwise provided in this Trust Agreement be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Trust Agreement, and no interest shall accrue for the period from and after such nominal date.

Section 14.08 Captions. The captions and table of contents in this Trust Agreement are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Trust Agreement.

Section 14.09 Counterparts. This Trust Agreement may be signed in several counterparts, each of which will be an original, but all of them together constitute the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed this Trust Agreement by their officers thereunto duly authorized as of the date first above written.

NORTH COUNTY FIRE PROTECTION DISTRICT

By: ______________________________
Fire Chief/CEO

ATTEST:

____
Secretary of the Board

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: ______________________________
Authorized Officer

EXHIBIT "A"

FORM OF BOND

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the North County Fire Protection District or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. ____ $____________

NORTH COUNTY FIRE PROTECTION DISTRICT
2020 TAXABLE PENSION OBLIGATION BONDS

Neither the faith and credit nor the taxing power of the State of California or any public agency is pledged to the payment of the principal of, or interest on, this Bond.

Maturity	***Interest Rate Per Annum***	***Dated Date***	***CUSIP NO.***
June 1, ____	_____%	__________, 2020	____________

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ________________ AND NO/100 DOLLARS

THE NORTH COUNTY FIRE PROTECTION DISTRICT, a fire protection district duly organized and validly existing under and pursuant to the Constitution and the laws of the State of California, for value received, hereby promises to pay to the registered owner named above or registered assigns, on the maturity date specified above, the principal sum specified above together with interest on such principal sum at the rates determined as herein provided on each Interest Payment Date (hereinafter defined) from the Interest Payment Date next preceding the date of authentication and delivery thereof, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication; (ii) it is authenticated after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such Interest Payment Date; or (iii) it is authenticated prior to the close of business on the first Record Date, in which event interest thereon shall be payable from its Dated Date; provided, however, that if at the time of authentication of any Bond interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from its Dated Date. The principal hereof and premium, if any, hereon are payable when due upon presentation hereof at the Principal Office of U.S. Bank National Association, as trustee (together with any successor as trustee under the Trust Agreement (hereinafter defined), the "**Trustee**"), in lawful money of the United States of America.

This Bond is one of a duly authorized issue of North County Fire Protection District 2020 Taxable Pension Obligation Bonds (the "**Bonds**") of the designation indicated on the face hereof. Said authorized issue of Bonds is limited in aggregate principal amount as provided in the Trust Agreement and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as provided in the Trust Agreement, all issued and to be issued pursuant to the provisions of Articles 10 and 11 (commencing with Section 53570 of Chapter 3 of Division 2 of Title 5 of the California Government Code (the "**Refunding Law**"). This Bond is issued pursuant to the Trust Agreement dated as of _______ 1, 2020 by and between the North County Fire Protection District and U.S. Bank National Association, the Trustee, providing for the issuance of the Bonds and setting forth the terms and authorizing the issuance of the Bonds (said Trust Agreement as amended, supplemented or otherwise modified from time to time being the "**Trust Agreement**"). Reference is hereby made to the Trust Agreement and to the Refunding Law for a description of the terms on which the Bonds are issued and to be issued, and the rights of the registered owners of the Bonds; and all the terms of the Trust Agreement and the Refunding Law are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by its acceptance hereof, consents and agrees. All capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Trust Agreement.

The District is required under the Trust Agreement to make payments on the Bonds from any source of legally available funds. The District has covenanted to make the necessary annual appropriations for such purpose.

The obligation of the District to make payments on the Bonds does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

This Bond is one of the Bonds described in the Trust Agreement.

Interest on Bonds

Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The Bonds or the principal portion thereof called for redemption will cease to bear interest after the specified redemption date, provided that notice has been given pursuant to the Trust Agreement and sufficient funds for redemption are on deposit at the place of payment on the redemption date.

Redemption of Bonds

Optional Redemption. The Bonds maturing on or after June 1, 20__ may be redeemed at the option of the District from any source of funds on any date on or after June 1, 20__ in whole or in part from such maturities as are selected by the District and by lot within a maturity at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

Mandatory Sinking Fund Redemption of Bonds. The Bonds maturing June 1, 20__ (the "**20__ Term Bonds**") are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (June 1)	***Principal Amount***
*	

* Final maturity.

The Bonds maturing June 1, 20__ (the "**20__ Term Bonds**") are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (June 1)	***Principal Amount***
*	

* Final maturity.

Certain Defined Terms

"**Interest Payment Date**" means June 1 and December 1 of each year, commencing December 1, 2020.

"**Record Date**" means the fifteenth day of each calendar month preceding any Interest Payment Date, regardless of whether such day is a Business Day.

Other Provisions

The rights and obligations of the District and of the holders and registered owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Trust Agreement, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of the Bonds.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Bond, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement or the Refunding Law.

This Bond shall not be entitled to any benefit under the Trust Agreement, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, THE NORTH COUNTY FIRE PROTECTION DISTRICT, a fire protection district duly organized and validly existing under and pursuant to the Constitution and the laws of the State of California, has caused this Bond to be executed in its name and on its behalf by the President of the Board of Directors, and attested by the Secretary of the Board, and this Bond to be dated as of the Dated Date.

NORTH COUNTY FIRE PROTECTION DISTRICT

By: ______________________________
Its: President of the Board of Directors

ATTEST:

____
Secretary of the Board

[FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-mentioned Trust Agreement and authenticated the date set forth below.

Dated: __________, 20__

U.S. Bank National Association, as Trustee

By: ______________________________
Authorized Signatory

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

____
Secretary of the Board of the North County Fire Protection District

[FORM OF ASSIGNMENT]

For value received ____________________ hereby sells, assigns and transfers unto __________________ (Tax I.D. No.: _________________) the within Bond and hereby irrevocably constitute and appoints ___________________ attorney, to transfer the same on the books of the District at the office of the Trustee, with full power of substitution in the premises.

____

NOTE: The signature to this Assignment must correspond with the name on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: ______________

Signature Guaranteed by: ____

NOTE: Signature must be guaranteed by an eligible guarantor institution.

EXHIBIT "B"

FORM OF REQUISITION

TO: [Trustee]

North County Fire Protection District Use Only
Request No. __

DISBURSEMENT REQUEST: REGARDING $_________ NORTH COUNTY FIRE PROTECTION DISTRICT 2020 TAXABLE PENSION OBLIGATION BONDS

You are hereby requested to pay from the Costs of Issuance Fund established by the Trust Agreement with respect to the above-referenced bonds, to the person, corporation or other entity designated below as Payee, the sum set forth below such designation, in payment of all ( ) or a portion ( ) of the Costs of Issuance described below.

Name of Payee: ____________________________
Address: ____________________________
____

Amount: $___________
Method of Payment: _________________
Service Provided: ____________________________

The undersigned hereby certifies that:

(i) s/he is an Authorized District Representative;

(ii) this requisition for payment is in accordance with the terms and provisions of Section 6.01 of the Trust Agreement;

(iii) each item to be paid with the requisitioned funds represents either incurred or due and payable Costs of Issuance;

(iv) such Costs of Issuance have not been paid from other funds withdrawn from the Costs of Issuance Fund; and

(v) to the best of the signatory's knowledge no Event of Default has occurred and is continuing under the Trust Agreement.

Dated: ____________

NORTH COUNTY FIRE PROTECTION DISTRICT

By:____________________________________
Name:
Title:

NORTH COUNTY FIRE PROTECTION DISTRICT

ADMINISTRATIVE SERVICES

TO: BOARD OF DIRECTORS

FROM: CHIEF ABBOTT AND DEPUTY CHIEF MAROVICH

DATE: MAY 26, 2020

SUBJECT: 2020 CALPERS UAL RESTRUCTURING – APPROVAL OF TRUST AGREEMENT, BOND PURCHASE AGREEMENT, PRELIMINARY OFFICIAL STATEMENT FOR ISSUANCE OF PENSION OBLIGATION BONDS; APPROVAL OF DEBT MANAGEMENT POLICY AND CONTINUING DISCLOSURE POLICY

ATTACHMENTS – Exhibit C – Preliminary Official Statement

NEW ISSUE—BOOK-ENTRY ONLY

RATING: S&P: "____"
(See "RATING" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but interest on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein.

$__________*

NORTH COUNTY FIRE PROTECTION DISTRICT
2020 TAXABLE PENSION OBLIGATION BONDS
(San Diego County)

Dated: Date of Delivery

Due: June 1, as shown on the inside front cover

The North County Fire Protection District (the "District") is issuing its $__________* 2020 Taxable Pension Obligation Bonds (the "Bonds"), pursuant to a Trust Agreement, dated as of _______ 1, 2020, by and between the District and U.S. Bank National Association, as trustee, and pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. The Bonds are being issued to: (i) pay the District's currently unamortized, unfunded accrued liability ("Unfunded Liability") to the California Public Employees' Retirement System ("CalPERS") for the benefit of the District's employees, and (ii) pay costs of issuance of the Bonds. See "PLAN OF REFINANCING" herein.

The Bonds will be delivered in fully registered form only, and when delivered will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "THE BONDS—General" herein. So long as Cede & Co. is the registered owner of the Bonds, references herein to the owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The interest on the Bonds is payable semiannually on June 1 and December 1 (each an "Interest Payment Date") of each year, commencing December 1, 2020, through the maturity date of such Bonds. The Bonds will be issued in denominations of $5,000 or any integral multiple thereof. The Bonds will be issued in such principal amounts, and will bear interest at the rates, payable on the dates as shown on the inside front cover of this Official Statement.

The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS" herein.

THE OBLIGATIONS OF THE DISTRICT UNDER THE BONDS, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS OF THE INTEREST ON AND THE PRINCIPAL OF THE BONDS WHEN DUE OR UPON PRIOR REDEMPTION, ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

This cover page and the inside front cover page contain information for reference only. They are not a summary of this issue. Investors must read the entire Official Statement to obtain information essential in making an informed investment decision.

The Bonds will be offered when, as and if issued, and received by the Underwriter, subject to approval as to their legality by Stradling Carlson Yocca & Rauth, a Professional Corporation, Newport Beach, California, as Bond Counsel to the District. Certain additional matters will be passed upon by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel to the District. Certain other legal matters will be passed upon for the District by its general counsel, for the Underwriter by Nixon Peabody LLP, Los Angeles, California and for the Trustee by its counsel. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about ________, 2020.

[BRANDIS TALLMAN LOGO]

Dated: _________, 2020

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* *Preliminary; subject to change.*

$__________*

NORTH COUNTY FIRE PROTECTION DISTRICT
2020 TAXABLE PENSION OBLIGATION BONDS
(San Diego County)

MATURITY SCHEDULE

Base CUSIP†: ______

Maturity (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
		%	%		

$__________ ____% Term Bond due _____, 20__; Yield _____%; Price ______%; CUSIP†: ______

$__________ ____% Term Bond due _____, 20__; Yield _____%; Price ______%; CUSIP†: ______

* *Preliminary; subject to change.*

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright(c) 2020 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

4814-6384-1976v9/200886-0001

NORTH COUNTY FIRE PROTECTION DISTRICT
COUNTY OF SAN DIEGO, CALIFORNIA

BOARD OF DIRECTORS

Fred Luevano, *President*
John Van Doorn, *Vice President*
Ruth Harris, *Director*
Bob Hoffman, *Director*
Ken Munson, *Director*

DISTRICT OFFICIALS

Stephen Abbott, *Fire Chief/CEO*
Steven Marovich, *Deputy Chief*
Loren Stephen-Porter, *Board Secretary*

BOND COUNSEL/DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth,
a Professional Corporation
Newport Beach, California

TRUSTEE

U.S. Bank National Association
Los Angeles, California

MUNICIPAL ADVISOR

NHA Advisors, LLC
San Rafael, California

4814-6384-1976v9/200886-0001

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter. The information set forth herein has been obtained from sources which are believed to be current and reliable. This information and the expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Estimates and opinions are included and should not be interpreted as statements of facts. Summaries of documents do not purport to be complete statements of their provisions and such summaries are qualified by references to the entire contents of the summarized documents.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement is not to be construed as a contract with the purchasers of any of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. Reference is hereby made to such documents on file with the District for further information in connection therewith. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not reproduced or used, in whole or in part, for any other purpose.

NONE OF THE BONDS HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. NONE OF THE BONDS HAVE BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. Forward-looking statements in this Official Statement are subject to risks and uncertainties. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when expectations or events, conditions or circumstances on which such statements are based occur.

TABLE OF CONTENTS

OFFICIAL STATEMENT

$__________*

NORTH COUNTY FIRE PROTECTION DISTRICT
2020 TAXABLE PENSION OBLIGATION BONDS
(San Diego County)

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Bonds being offered, and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

General

This Official Statement provides certain information concerning the issuance, sale and delivery of the North County Fire Protection District 2020 Taxable Pension Obligation Bonds (the "Bonds"), in the aggregate principal amount of $__________*. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as in the Trust Agreement (the "Trust Agreement"), dated as of ________ 1, 2020, by and between the North County Fire Protection District (the "District") and U.S. Bank National Association, as trustee (the "Trustee"). For definitions of certain words and terms used but not otherwise defined herein, see APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

The District is a member of the California Public Employees' Retirement System ("CalPERS"), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California (the "State"), including the District. As such, the District is obligated by the Public Employees' Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "Retirement Law"), and the contract between the Board of Administration of CalPERS and the District Board of Directors of the District, effective July 1, 1948, as such contract has been amended from time-to-time (as amended, the "CalPERS Contract"), to make contributions to CalPERS to (a) fund pension benefits for District employees who are members of CalPERS, (b) amortize the unfunded actuarial liability with respect to such pension benefits, and (c) appropriate funds for such purposes. The District participates in two retirement plans (with tiers within such plans) under the CalPERS Contract. The District is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law"), to issue bonds for the purpose of refunding obligations evidenced by the CalPERS Contract. The Bonds are authorized and issued pursuant to the Trust Agreement and a resolution of issuance adopted by the Board of Directors of the District (the "Board") on May 26, 2020 (the "Resolution"). The proceeds from the sale of the Bonds (exclusive of costs of issuance) will be used to refund the District's obligations to CalPERS evidenced by the two retirement plans in which the District participates pursuant to the CalPERS Contract and representing the current unamortized, unfunded accrued liability (the "Unfunded Liability") with respect to certain pension benefits under the Retirement Law.

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* *Preliminary, subject to change.*

The obligations of the District under the CalPERS Contract and the Bonds, including the District's obligation to make all payments of interest and principal when due, are absolute and unconditional, without any right of set-off or counterclaim. The Bonds are not limited as to payment to any special source of funds of the District.

THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE DISTRICT TO MAKE PAYMENTS WITH RESPECT TO THE BONDS CONSTITUTES AN INDEBTEDNESS OF THE DISTRICT, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

No Reserve Fund

The District has not funded a reserve fund in connection with the issuance of the Bonds.

Continuing Disclosure

The District has covenanted for the benefit of the Holders of the Bonds to provide, or cause to be provided, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access platform (EMMA) certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the "Rule"). See APPENDIX E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE" for a description of the specific nature of the annual report and notices of enumerated events and a summary description of the terms of the Disclosure Certificate pursuant to which such reports are to be made. The District and its related entities have entered into previous undertakings to provide continuing disclosure pursuant to the Rule. See "CONTINUING DISCLOSURE" herein.

Validation Not Required

Unlike the case of a city or county, for example, the validation of pension obligation refunding bonds, such as the Bonds, issued to refund a portion of the District's outstanding obligation to CalPERS, as described herein, is not required. Article XVI, Section 18 of the California Constitution, provides, in part, that: "No county, city, town, township, board of education, or school district, shall incur any indebtedness or liability in any manner or for any purpose exceeding in any year the income and revenue provided for such year, without the assent of two-thirds of the voters of the public entity voting at the election to be held for that purpose ..." Because the District, as a fire protection district, is not a governmental entity of the type specifically identified in Article XVI, Section 18 of the California Constitution, it is exempt from the debt limitation set forth therein and may issue the Bonds without needing to judicially validate them first.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The District is not obligated to issue any updates or revisions to the forward-looking statements if, or when, its expectations, or events, conditions or circumstances on which such statements are based change.

Miscellaneous

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement will, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

Included herein are brief summaries of the Trust Agreement and certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" attached hereto. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Holders of the Bonds. Copies of the documents are on file and available for inspection at the corporate trust office of the Trustee in Los Angeles, California. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as the Trust Agreement. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" attached hereto for definitions of certain words and terms used by not otherwise defined herein.

THE BONDS

General

The Bonds will be issued in fully registered form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as Securities Depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only, in the denominations hereinafter set forth. Principal, premium, if any, and interest on the Bonds will be payable by the Trustee to DTC, which is obligated in turn to remit such principal and interest to DTC Participants for subsequent disbursement to Beneficial Owners (herein defined) of the Bonds. See APPENDIX F—"BOOK-ENTRY SYSTEM" herein.

The Bonds will be dated the date of delivery, mature on the dates and in the principal amounts and bear interest at the rates set forth on the inside front cover page of this Official Statement. The Bonds will be delivered in denominations equal to $5,000 or any integral multiple thereof. Interest on the Bonds will be payable on each June 1 and December 1, commencing December 1, 2020, by check mailed by first class mail on such interest payment date to such registered holders at the address shown on the registration books maintained by the Trustee; provided, however, that any Holder of at least $1,000,000 in aggregate principal amount of Bonds may be paid interest by wire transfer upon written request submitted to the Trustee prior to the Record Date immediately preceding the applicable Interest Payment Date. "Record Date" means the fifteenth day of each calendar month preceding any Interest Payment Date, regardless of whether such day is a Business Day.

Optional Redemption of the Bonds

The Bonds maturing on or after June 1, 20__ may be redeemed at the option of the District from any source of funds on any date on or after June 1, 20__ in whole or in part from such maturities as are selected by the District, and by lot within a maturity, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest to the date of redemption, without premium.

Mandatory Sinking Fund Redemption of the Bonds

The Bonds maturing June 1, 20__ (the "20__ Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount of such Bonds to be redeemed, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (June 1)	***Principal Amount***
	$
(maturity)	

The Bonds maturing June 1, 20__ (the "20__ Term Bonds" and together with the 20__ Term Bonds, the "Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount of such Bonds to be redeemed, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (June 1)	***Principal Amount***
	$
(maturity)	

On or before each May 15 next preceding any mandatory sinking fund redemption date, the Trustee shall proceed to select for redemption pro-rata from all Term Bonds an aggregate principal amount of such Term Bonds equal to the amount for such year as set forth in the table above and shall call such Term Bonds or portions thereof for redemption and give notice of such redemption in accordance with the terms of the Trust Agreement. At the option of the District, to be exercised by delivery of a written certificate to the Trustee on or before May 15 next preceding any mandatory sinking fund redemption date, it may (a) deliver to the Trustee for cancellation Term Bonds or portions thereof (in the amount of an Authorized Denomination) of the stated maturity subject to such redemption or (b) specify a principal amount of such Term Bonds or portions thereof (in the amount of an Authorized Denomination) which prior to said date have been purchased or redeemed and cancelled by the Trustee at the request of the District and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. In the event that the Term Bonds are optionally redeemed, in part, the foregoing mandatory sinking fund payments will be reduced as nearly as practicable on a pro-rata basis in integral multiples of $5,000.

Notice of Redemption

Notice of redemption shall be given by the Trustee, not less than 30 nor more than 60 days prior to the redemption date: (i) in the case of Bonds not registered in the name of a Securities Depository or its nominee, to the respective Holders of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee; (ii) in the case of Bonds registered in the name of a Securities Depository or its nominee, to such Securities Depository for such Bonds; and (iii) to the Information Services. Notice of redemption to the Holders pursuant to (i) above shall be given by mail at their addresses appearing on the registration books of the Trustee, or any other method agreed upon by such Holder and the Trustee. Notice of redemption to the Securities Depositories pursuant to (ii) above and the Information Services pursuant to (iii) above shall be given by electronically secure means, or any other method agreed upon by such entities and the Trustee. Notwithstanding the foregoing, so long as DTC is acting as securities depository for the Bonds, notice of redemption will be given by sending copies of such notice to DTC (and not to the Beneficial Owners of the Bonds designated for redemption).

Each notice of redemption shall state the Bonds or designated portions thereof to be redeemed, the date of redemption, the place of redemption, the redemption price, the CUSIP number (if any) of the Bonds to be redeemed, the distinctive numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or part. Each such notice shall also state that on said date there will become due and payable on each of the Bonds to be redeemed the redemption price, and redemption premium, if any, thereof, and that from and after such redemption date interest thereon shall cease to accrue. Failure to receive such notice or any defect therein shall not invalidate any of the proceedings taken in connection with such redemption.

Failure to give the notices described in the Trust Agreement or any defect therein shall not in any manner affect the redemption of any Bonds. Any notice sent as provided in the Trust Agreement will be conclusively presumed to have been given whether or not actually received by the addressee.

The District shall have the right to rescind any notice of optional redemption previously sent pursuant to the Trust Agreement. Any such notice of rescission shall be sent in the same manner as the notice of redemption. Neither the District nor the Trustee shall incur any liability, to Bondholder, DTC, or otherwise, as a result of a rescission of a notice of redemption.

Selection of Bonds for Redemption

Bonds are subject to redemption pro rata within a maturity. So long as DTC is securities depository for the Bonds, there will be only one registered owner and neither the District nor the Trustee will have responsibility for prorating partial redemptions among beneficial owners of Bonds. Upon surrender of a Bond to be redeemed in part, the Trustee will authenticate for the registered owner a new Bond or Bonds of the same maturity and tenor equal in principal amount to the unredeemed portion of the Bond surrendered.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

Bond Payments

The obligations of the District under the Bonds, including the obligation to make all payments of principal, premium, if any and interest when due, are absolute and unconditional, without any right of set-off or counterclaim.

The Trust Agreement requires the District to, if any Bonds are Outstanding, no later than three Business Days preceding each Interest Payment Date beginning December 1, 2020, deliver funds to the Trustee for deposit to the Revenue Fund in an aggregate amount equal to the portion of the Annual Debt Service coming due on such Interest Payment Date (less amounts on deposit in the Revenue Fund). No assurance can be given as to the amount and source of money available in the District treasury for such transfer at any particular time. However, the Trust Agreement provides that the District shall punctually pay the interest on and the principal of and premium, if any, to become due on the Bonds.

From time to time, the District may enter into (i) one or more other trust agreements or indentures and/or (ii) one or more supplemental agreements supplementing and/or amending the Trust Agreement, for the purpose of providing for the issuance of Additional Bonds to refund the Bonds or to refund all or any portion of any Unfunded Liability under the CalPERS Contract, any other obligations due to CalPERS, or any bonds issued to refund the Unfunded Liability. Such Additional Bonds may be issued on a parity with the Bonds. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" for the requirements to issue Additional Bonds.

Revenue Fund

The Trust Agreement creates the "North County Fire Protection District 2020 Taxable Pension Obligation Bonds Revenue Fund" (the "Revenue Fund") and a "Bond Interest Account" and "Bond Principal Account" therein.

All amounts received by the Trustee from the District in respect of interest payments on the Bonds shall be deposited in the Bond Interest Account and shall be disbursed to the applicable Bondholders to pay interest on the Bonds. All amounts held at any time in the Bond Interest Account shall be held for the security and payment of interest on the Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Interest Account are insufficient to provide for the payment of such interest, the District shall promptly deposit funds to such Account to cure such deficiency. On June 2 of each year beginning in 2021, so long as no Event of Default under the Trust Agreement has occurred and is continuing, the Trustee shall transfer all amounts on deposit in the Bond Interest Account to the Revenue Fund to be used for any lawful purpose.

All amounts received by the Trustee from the District in respect of principal payments on the Bonds shall be deposited in the Bond Principal Account and all amounts in the Bond Principal Account will be disbursed to pay principal on the Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Principal Account are insufficient to provide for the payment of such principal, the District shall promptly deposit funds to such Account to cure such deficiency.

The moneys in such Revenue Fund and the accounts therein shall be held by the Trustee in trust and applied as provided in the Trust Agreement and, pending such application, shall be subject to a lien and charge in favor of the Holders of the Bonds issued and Outstanding under the Trust Agreement.

As described above, the District may issue Additional Bonds under the Trust Agreement. In the event the District issues Additional Bonds under the Trust Agreement, amounts on deposit in the Revenue Fund and the accounts therein will secure the Bonds and such Additional Bonds on a parity basis.

Limited Obligations

THE BONDS ARE GENERAL OBLIGATIONS OF THE DISTRICT PAYABLE FROM ANY LAWFULLY AVAILABLE FUNDS OF THE DISTRICT AND ARE NOT LIMITED AS TO PAYMENT TO ANY SPECIAL SOURCE OF FUNDS OF THE DISTRICT. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE DISTRICT TO MAKE PAYMENTS WITH RESPECT TO THE BONDS CONSTITUTES AN INDEBTEDNESS OF THE DISTRICT, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

COVID-19 PANDEMIC

The COVID-19 pandemic is materially adversely affecting the local, state and world economies and may result in significant declines in the District's General Fund revenues, and otherwise materially adversely impact the financial condition of the District. See "THE DISTRICT—Covid-19 Pandemic.".

PLAN OF REFINANCING

CalPERS has notified the District as to the amount of the Unfunded Liability based on the June 30, 2018 actuarial valuation, which is the most recent actuarial valuation performed by CalPERS for the District's Miscellaneous Plan and Safety Plan. Based on the June 30, 2018 actuarial valuation as reported by CalPERS to the District, CalPERS has projected the District's total Unfunded Liability under the CalPERS Contract to be $__________ as of June 30, 2020, consisting of $__________ with respect to the District's Miscellaneous Plans and $__________ with respect to the District's Safety Plan. The Bonds are being issued to finance the total Unfunded Liability as of June 30, 2020. Upon the issuance of the Bonds, the District will pay $__________ to CalPERS for deposit to the CalPERS Payment Fund. With this deposit, the District will have [fully] funded its Unfunded Liability as of ______ __, 20__ and will not be required to make any further payments to CalPERS with respect to the Unfunded Liability refinanced by the Bonds. It is possible that CalPERS will determine at a future date that an additional unfunded liability exists that is attributable to the District if actual plan experience differs from the current actuarial estimates.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Bonds are estimated to be applied as set forth below.

Estimated Sources of Funds	
Principal Amount of Bonds	$
Total Sources of Funds	$
Estimated Uses of Funds	
Funding of the Unfunded Liability contribution[(1)]	$
Costs of Issuance[(2)]	
Total Uses of Funds	$

(1) Deposit to CalPERS Payment Fund. See "PLAN OF REFINANCING" herein.

(2) Includes Underwriter's discount, rating fees, legal fees, printing costs, trustee fees and other costs of issuance deposited in the Costs of Issuance Fund.

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the amounts required to be made available for the payment of principal of the Bonds, at maturity or by mandatory sinking fund redemption, for the payment of interest on the Bonds, and for the total debt service on the Bonds, assuming no optional redemption occurs prior to maturity.

TABLE 1
NORTH COUNTY FIRE PROTECTION DISTRICT
ANNUAL DEBT SERVICE ON THE BONDS

Year Ending June 1	*Principal*	*Interest*	*Total*
	$	$	$
Total	$	$	$

THE DISTRICT

General

The District was formed in 1987 when the Fallbrook Fire Protection District reorganized with the Rainbow Volunteer Fire District. The predecessor to the Fallbrook Fire Protection District, the Fallbrook Local Fire District, had originally formed in 1953, and it was reorganized into the Fallbrook Fire Protection District in 1961 under the Fire Protection District Act of 1961. The District's primary service area is approximately 92 square miles in northern San Diego County, covering the communities of Fallbrook, Rainbow and Bonsall, and protects a population of approximately 50,000 people. The District also provides emergency medical services for 40 additional square miles outside its primary service area.

The District currently operates 5 fire stations, all of which are staffed with fulltime, paid personnel and single role paramedics and emergency medical technicians ("EMTs"). The District also uses the services of volunteer and reserve firefighters. The District provides a variety of emergency response services, including fire suppression, emergency medical services, ambulance transportation, hazardous materials response and public assistance.

Board of Directors

The District is governed by a five-member Board of Directors, which includes a President, Vice President and three Board Members. The members of the Board of Directors serve staggered four-year terms, with elections occurring in the even years. The current members of the Board of Directors and the expiration dates of their respective terms are as follows:

NORTH COUNTY FIRE PROTECTION DISTRICT
Board of Directors

Name	***Term Expires***
Fred Luevano, *President*	2020
John Van Doorn, *Vice President*	2022
Ruth Harris	2020
Bob Hoffman	2020
Ken Munson	2022

Board of Directors elections have historically been at-large elections. However, in 2019, the Board of Directors approved moving to a by-district system of elections, where each member of the Board of Directors is elected from one of five geographical zones. The District-based system of elections will first be implemented in the 2020 election.

The Board of Directors is responsible for, among other things: the formulation and adoption of policy for District administration and operation; conducting District business for the public benefit; taking legal action when required by law; reviewing and approving a budget annually; and representing the District at public hearings. The Board of Directors also appoints the Fire Chief/CEO, who is responsible for implementing Board of Directors directives and policies and managing the day-to-day administrative and operational functions of the District.

Employees and Management

The District currently has approximately 75 full-time employees, consisting of the Fire Chief/CEO, a Deputy Chief, two Division Chiefs, one Administrative Captain, three shift Battalion Chiefs, one Fire Marshal, two Fire Prevention Specialists, fifteen Fire Captains, fifteen Engineers, twelve Firefighter/Paramedics, one Executive Assistant/Board Secretary, one Administrative Specialist/IT Support, two HR/Finance Specialists, two mechanics and 15 single-role Paramedic/EMTs. The District also employs approximately 9 part-time employees and 12 volunteers.

Full-time non-management employees are represented by the Fallbrook Firefighters' Association under two separate memoranda of understanding (one for Safety and one for Non-Safety personnel), each of which expires on September 30, 2020. Relations between management (which is defined as the Chief Officers, other than the Fire Chief/CEO) is governed by memorandum of understanding between management and the District which expires on September 30, 2020. The Fire Chief/CEO and the Executive Assistant/Board Secretary each have a separate employment agreement with the District, both of which similarly expire on September 30, 2020. The District is currently in the process of opening up contract negotiations with each of these groups.

Day-to-day management of the District is delegated to the Fire Chief/CEO, Stephen Abbott. Chief Abbot has served as the Fire Chief/CEO of the District since December, 2015. Chief Abbot began his career with the District in 1990 as a paramedic and held several positions prior to his appointment as Fire Chief/CEO.

Steven Marovich has served as the Deputy Chief—Administrative Services Division since July, 2015, and his responsibilities include serving as the custodian of records for the District, overseeing the human resources and information technology departments of the District, preparing the District's annual budgets and working with the District's auditors. Deputy Chief Marovich began his career with the District in 1987 as a firefighter and held several positions with the District prior to his appointment as Deputy Chief.

Accounting and Financial Reporting

The District maintains its accounting records in accordance with Generally Accepted Accounting Principles ("GAAP") and the standards established by the Governmental Accounting Standards Board ("GASB"). Combined financial statements are produced following the close of each Fiscal Year.

The Board of Directors employs an independent certified public accountant (the "Auditor"), who, at such time or times as specified by the Board of Directors, at least annually, examines the financial statements of the District in accordance with generally accepted auditing standards, including tests of the accounting records and other auditing procedures as such accountant considers necessary. As soon as practicable, after the end of the Fiscal Year, a final audit and report is submitted by the independent accountant to the Board of Directors.

The District's governmental funds (including the District's general fund (the "General Fund")) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred expect for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The General Fund is the primary operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund when necessary. The District is obligated to pay Annual Debt Service on the Bonds from any legally available funds. However, the District expects to pay Annual Debt Service on the Bonds from amounts in the General Fund. Amounts in the Rainbow Subzone Operations Fund are not available to be used to pay debt service on the Bonds.

The District's Financial Statements along with accompanying notes and opinions from the Auditor for the Fiscal Year ended June 30, 2019, are set forth in APPENDIX A—"THE NORTH COUNTY FIRE PROTECTION DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED

JUNE 30, 2019" herein. The Auditor has not performed any post-audit analysis of the financial condition of the District.

Budget Procedure, Current Budget and Historical Budget Information

The fiscal year of the District begins on the first day of July of each year and ends on the 30th day of June of the following year (each a "Fiscal Year"). The District adopts an annual budget that covers each Fiscal Year. On or prior to June 30 of each year, the District adopts a preliminary budget. The District is required to publish notice that the preliminary budget has been adopted by the Board of Directors and is available for public inspection. On or prior to October 1 of each year, after making any changes in the preliminary budget, the Board of Directors adopts a final budget after conducting a public hearing.

The Board of Directors may modify appropriations at any time with two-thirds majority approval. The level of expenditures is controlled at the fund level. The Fire Chief/CEO is authorized to transfer budgeted appropriations within the control accounts, including capital projects, provided no change is made to the total amount provided for any one fund. At year end, all unencumbered budgeted amounts lapse, subject to requests for continuing appropriations. Outstanding encumbrances will be carried forward into the new Fiscal Year with Fire Chief/CEO approval.

The District's General Fund balance committed for emergency contingencies is established at a minimum of 25% of operating expenses. The minimum of 25% is established as a baseline needed for funding three months' operations and debt service expenses in the event of an emergency. The contingency reserve is calculated based on the operating expense incurred in the prior Fiscal Year reduced by unusual, non-recurring expenditures and reimbursable grant program expenditures expended during the prior Fiscal Year. The emergency contingency is reserved for economic uncertainties, local disasters, recession or other financial hardships; to subsidize unforeseen operating or capital needs, and for cash flow requirements. Based on audited actual amounts, as of June 30, 2019 the District's General Fund committed to emergencies and contingencies reserves were approximately $3.25 million which compares to $1.70 million as of June 30, 2018.

The Board of Directors adopted the budget for Fiscal Year 2019-20 on June 25, 2019. Table 2 below sets forth the following with respect to the District's general fund: (i) the adopted Fiscal Year 2017-18 budget and audited actual results; (ii) the adopted Fiscal Year 2018-19 budget and audited actual results; and (iii) the adopted Fiscal Year 2019-20 budget. The adoption of the Fiscal Year 2019-20 General Fund Budget predated the outbreak of the COVID-19 pandemic. Efforts to respond to and mitigate the spread of COVID-19 have had a severe impact on the local, state and national economy, triggered a historic drop and ongoing volatility in the stock market, and a likely recession. As a result, it is possible that the pandemic will have a material impact on the District's finances which is not accounted for in the Fiscal Year 2019-20 budgeted numbers. See "—COVID-19 Pandemic" and "RISK FACTORS—Risks Related to Coronavirus."

TABLE 2

NORTH COUNTY FIRE PROTECTION DISTRICT GENERAL FUND BUDGETS

	Adopted Fiscal Year 2017-18 Budget	*Fiscal Year 2017-18 Audited Actuals*	*Adopted Fiscal Year 2018-19 Budget*	*Fiscal Year 2018-19 Audited Actuals*	*Adopted Fiscal Year 2019-20 Budget*
REVENUES:					
Property Taxes	$ 13,905,000	$ 14,135,919	$ 14,656,675	$ 14,933,274	$ 15,476,356
Charges for services:					
Ambulance Services	1,700,000	1,835,405	1,700,000	2,068,255	1,945,000
Fire services – CA OES	60,000	1,084,976	65,000	687,747	89,000
Fire prevention	130,000	333,309	200,000	277,446	200,000
Annexation fees	--	--	--	68,534	--
Administration[1]	25,000	29,607	25,000	211,638	514,341
Operating and capital grant funding	786,584	903,275	628,090	454,179	859,590
Rental income – cellular towers	85,000	88,655	85,000	109,206	103,000
Interest earnings	25,000	47,522	30,000	137,880	70,000
Other revenues	593,404	474,926	845,942	242,053	230,000
Total Revenues	**$ 17,309,988**	**$ 18,933,594**	**$ 18,235,707**	**$ 19,190,212**	**$ 19,487,287**
EXPENDITURES:					
Current:					
Salaries and wages	$ 8,952,460	$ 9,828,013	$ 9,871,785	$ 9,386,889	$ 9,288,975
Employee benefits	4,122,642	4,111,569	4,890,330	4,025,831	4,852,928
Contracted service costs	590,000	367,948	555,205	455,766	429,717
Materials and services	2,468,363	2,460,857	2,315,952	3,263,964	2,427,758
Capital outlay	763,000	1,971,163	1,556,929	2,441,007	1,818,161
Debt Service					
Principal	391,905	373,553	613,438	661,480	689,582
Interest	251,887	251,887	294,306	294,306	352,746
TOTAL EXPENDITURES	**$ 17,540,257**	**$ 19,364,990**	**$ 19,522,126**	**$ 20,097,945**	**$ 19,959,856**
REVENUES OVER (UNDER) EXPENDITURES	$ (230,269)	$ (431,396)	$ (1,286,419)	$ (1,339,031)	$ (472,580)
OTHER FINANCING SOURCES (USES):					
Transfers In	$ 200,000	$ --	$ 200,000	$ --	$ 150,000
Transfers in from reserves	220,269	--	220,269	--	--
Transfers out from reserves	(190,000)	--	(190,000)	--	--
Issuances of debt – capital leases[2]	$ --	$ (1,203,331)	2,107,100	2,189,472	--
Total other financing sources (uses)	**$ 230,269**	**$ 1,203,331**	**$ 2,337,369**	**$ 2,189,472**	**$ 150,000**
Net Changes in Fund Balance	**$ --**	**$ 771,935**	**$ 1,050,950**	**$ 850,441**	**$ (322,580)**
FUND BALANCE:					
Beginning of year	7,175,495	7,175,495	7,947,430	7,947,430	8,998,380
End of year	$ 7,175,495	$ 7,947,430	$ 8,998,380	$ 8,797,871	$ 8,675,800

(1) Beginning in Fiscal Year 2018-19 the District began classifying certain revenues that were previously deposited in the Rainbow Subzone Operations Fund and used to pay salaries and benefits as General Fund revenues because those revenues were being used to pay some District employees located at the fire station located in the Rainbow Subzone.

(2) Represents debt issued for radios and an ambulance in Fiscal Year 2017-18 and fire engines and heart monitors in Fiscal Year 2018-19. Amounts in Fiscal Year 2017-18 represent a deferral of the Fiscal Year 2017-18 debt because the equipment was received in Fiscal Year 2017-18 but not paid for until Fiscal Year 2018-19.

Source: North County Fire Protection District.

Comparative Change in Fund Balance of the District General Fund

Table 3 below presents the District's General Fund Statement of Revenues, Expenditures and Change in Fund Balance for Fiscal Years 2014-15 through 2018-19 based on audited results.

TABLE 3
NORTH COUNTY FIRE PROTECTION DISTRICT GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE FIVE YEAR COMPARISON

	Fiscal Year Ending June 30				
	2015	*2016*	*2017*	*2018*	*2019*
REVENUE:					
Property Taxes	$ 12,231,986	$ 12,798,201	$ 13,413,614	$ 14,135,919	$ 14,933,274
Charges for services:					
Ambulance Services	1,356,262	1,927,451	1,925,376	1,835,405	2,068,255
Fire services – CA Office of Emergency Services	385,136	448,270	654,625	1,084,976	687,747
Fire prevention	69,682	131,390	124,789	333,309	277,446
Mitigation fees	--	--	--	--	--
Annexation fees	390,000	--	75,000	--	68,534
Administration	101,275	96,517	94,128	29,607	211,638
Operating and capital grant funding	85,344	290,421	775,919	903,275	454,179
Rental income – cellular towers	85,864	82,639	90,936	88,655	109,206
Investment earnings	8,636	29,643	25,824	47,522	137,880
Other revenues[1]	36,535	122,810	343,851	474,926	242,053
Total Revenue	**$ 14,750,720**	**$ 15,927,342**	**$ 17,524,062**	**$ 18,933,594**	**$ 19,190,212**
EXPENDITURES:					
Fire protection and emergency medical transportation:					
Salaries and wages	$ 8,079,366	$ 8,452,483	$ 8,663,547	9,828,013	$ 9,386,889
Employee benefits	3,684,641	4,313,546	4,468,401	4,111,569	4,025,831
Contracted services costs	94,225	81,661	108,179	367,948	455,766
Materials and services	2,499,321	2,113,052	2,672,168	2,460,857	3,263,964
Capital Outlay[2]	3,031,934	605,039	585,621	1,971,163	2,441,007
Debt Service					
Principal	188,414	2,220,795	276,693	373,553	661,480
Interest	231,911	301,357	228,643	251,887	294,306
Total Expenditures	**$ 17,809,812**	**$ 18,087,933**	**$ 17,003,252**	**$ 19,364,990**	**$ 20,529,243**
REVENUES OVER (UNDER) EXPENDITURES	$ (3,059,092)	$ (2,161,591)	$ 520,810	$ (433,396)	$ (1,339,031)
OTHER FINANCING SOURCES (USES):					
Transfers in	598,951	20,893	148,813	--	--
Transfers out	(18,294)	--	--	--	--
Issuance of debt[3]	475,241	--	641,511	1,203,331	2,189,472
Total Other Financing Sources (Uses)	**$ 1,055,898**	**$ 20,893**	**$ 790,324**	**$ 1,203,331**	**$ 2,189,472**
Net Changes in Fund Balances	$ (2,003,194)	$ (2,139,698)	$ 1,311,134	$ 771,935	$ 850,441
FUND BALANCE:					
Prior period adjustments[4]	2,744,138				--
Beginning of year	$ 7,263,115	$ 8,004,059	$ 5,864,361	$ 7,175,495	$ 7,947,430
End of year	**$ 8,004,059**	**$ 5,864,361**	**$ 7,175,495**	**$ 7,947,430**	**$ 8,797,871**

(1) Other Revenues consist of moneys refunded to the District for various reasons, including tax overpayments, hydrant reimbursement, money from equipment and scrap metal.
(2) Increase through Fiscal Years 2017-18 and 2018-19 is the result of debt issued for equipment in those Fiscal Years.
(3) Represents debt issued to acquire fire and safety equipment
(4) See Note 16 of the District's audited financial statements for Fiscal Year 2015. Adjustment required to account for the implementation of GASB Nos. 68 and 71 to record the District's net pension liability and pension-related debt – CalPERS side-fund on the statement of net position ($19,573,541) and to adjust the District's net position for other adjustments ($5,099,788). These adjustments resulted in a restated deficit net position of ($15,999,186) as of July 1, 2014.

Source: Audited Financial Statements for Fiscal Years 2014-15 through 2018-19.

Comparative General Fund Balance Sheets of the District

Table 4 below presents the District's audited General Fund Balance Sheets for Fiscal Years 2014-15 through 2018-19.

TABLE 4
NORTH COUNTY FIRE PROTECTION DISTRICT
GENERAL FUND BALANCE SHEETS
FIVE YEAR COMPARISON

	Fiscal Year Ending June 30,				
	2015	*2016*	*2017*	*2018*	*2019*
ASSETS					
Cash and Investments	$ 5,670,661	$ 3,064,614	$ 4,621,651	$ 5,253,902	$ 7,288,192
Accrued Interest receivable	2,071	3,991	9,218	14,431	46,364
Accounts receivable – ambulance billings, net	554,869	738,181	614,681	616,762	657,887
Property taxes receivable	149,253	213,209	140,058	55,431	77,919
Other receivables	--	--	--	252,265	85,451
Deposits with Self-Insurance System	--	450,845	453,737	459,081	473,794
Prepaid items	--	--	122,584	146,814	31,796
Due from other funds[1]	2,078,524	2,078,524	2,078,524	1,900,000	900,000
Total Assets	**$ 8,455,378**	**$ 6,549,364**	**$ 8,040,453**	**$ 8,698,686**	**$ 9,561,403**
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable and accrued expenses	$ 66,021	$ 147,863	$ 254,257	$ 136,862	$ 152,274
Accrued payroll and related liabilities	385,298	465,812	527,733	593,393	597,113
Unearned revenue	--	--	11,640	21,001	14,145
Due to other funds[1]	--	71,328	71,328	--	--
Total liabilities	$ 451,319	$ 685,003	$ 864,958	$ 751,256	$ 763,532
FUND BALANCES					
Nonspendable[3]	$ 2,078,524	$ 2,078,524	$ 2,201,108	$ 146,814	$ 31,796
Restricted	1,960,644	--	--	--	--
Assigned	1,770,972	2,298,340	2,516,293	2,482,402	2,553,527
Unassigned[4]	2,193,919	1,487,497	2,458,094	5,318,214	6,212,548
Total Fund Balance	8,004,059	5,864,361	7,175,495	7,947,430	8,797,871
Total Liabilities and Fund Balance	**$ 8,455,378**	**$ 6,549,364**	**$ 8,040,453**	**$ 8,698,686**	**$ 9,561,403**

(1) Balances due from other funds represent moneys borrowed by the Fire Mitigation Fund from the General Fund for capital improvement purposes. In Fiscal Years 2015 through 2017, the Districts audited financial statements showed such interfund loan under the category of "Advance to other funds."

(2) In Fiscal Years 2015 through 2017, the Districts audited financial statements showed these liabilities under the category of "Advance to other funds."

(3) Decrease in Fiscal Years 2017-18 and 2018-19 caused by reallocation to Unassigned.

(4) Increase in Fiscal Years 2017-18 and 2018-19 caused by reallocation from Nonspendable to Unassigned and an increase in property tax revenues.

Source: Audited Financial Statements for Fiscal Years 2014-15 through 2018-19.

COVID-19 Pandemic

The spread of the novel strain of coronavirus that causes the disease commonly known as COVID-19, and local, state and federal actions in response to COVID-19, are having a significant impact on the County's operations and finances. In response to the increasing number of cases of COVID-19 and fatalities, health officials and experts are recommending, and some governments are mandating, a variety of responses ranging from travel bans and social distancing practices, to complete shut-downs of certain services and facilities. On March 4, 2020, as part of the State's response to address the outbreak, the Governor declared a state of emergency. On March 13, President Donald Trump declared a national emergency, freeing up funding for federal assistance to state and local governments. Many school districts across the state have temporarily closed some or all school campuses in response to local and state directives or guidance. On March 19, 2020, the Governor issued Executive Order N-33-20, a mandatory statewide shelter-in-place order applicable to all non-essential services. (The current directives relating to shelter in place extend through the end of April, but may be extended.)

While the effects of COVID-19 may be temporary, the outbreak and governmental actions responsive to it are altering the behavior of businesses and people in a manner that is having significant negative impacts on global and local economies. In addition, stock markets in the U.S. and globally have seen significant declines attributed to coronavirus concerns. The outbreak has resulted in increased pressure on State finances, as budgetary resources are directed towards containing the pandemic and tax revenues sharply decline. Identified cases of COVID-19 and deaths attributable to the COVID-19 outbreak are continuing to increase throughout the United States, including within San Diego County. The COVID-19 outbreak is expected to result in significant increases in expenses by public entities to address the outbreak, as well as potentially material declines in public entity revenues.

On March 27, Congress passed and the President signed the $2.2 trillion Coronavirus Aid, Relief, and Economic Stabilization Act ("CARES Act") that provides, among other measures, $150 billion in financial assistance to states, tribal governments and local governments to provide emergency assistance to those most significantly impacted by COVID-19. Under the CARES Act, local government are eligible for reimbursement of certain costs expended to address the impacts of the pandemic, although the District cannot predict what state and/or federal funding or other relief it will ultimately receive.

The District cannot currently predict the extent or duration of the outbreak or what ultimate impact it may have on the County's financial condition or operations, although the County believes it will be material and adverse. See "RISK FACTORS—Risks Related to Coronavirus" for a discussion of the pandemic, its projected impact on the District and actions taken by the District in response to the outbreak.

Major Revenue Sources

As described in "—COVID-19 Pandemic" the COVID-19 pandemic may materially adversely impact the District's financial condition. The historical current Fiscal Year information set forth herein is not intended to be predictive of future results. The adopted General Fund Budget for Fiscal Year 2019-20 was prepared in June 2019, prior to the COVID-19 pandemic, and does not reflect any potential impact of the pandemic. See also "RISK FACTORS—Risks Related to Coronavirus" for a discussion of the pandemic, its projected impact on the District and actions taken by the District in response to the outbreak.

General. The District derives its General Fund revenues from a variety of sources including *ad valorem* property taxes, charges for services provided by the District and operating and capital grant funding. For Fiscal Year 2018-19, approximately 77.8% of General Fund revenues were proceeds of property taxes and approximately 17.3% of General Fund revenues were proceeds of charges for services offered by the District. Other sources of General Fund revenues include operating and capital grant funding, investment earnings and rental income.

Property Taxes. The property within the District is organized into two distinct areas: the general service area of the District and the Rainbow Subzone. The Rainbow Subzone was added to the District in 1987 as the result of a merger with the Rainbow Volunteer Fire District. Under the terms of the merger, all taxes and revenues collected from within the Rainbow Subzone shall be accounted for separately and used only to finance the provision of services within the Rainbow Subzone. As a result, property taxes collected from within the District's general service area are deposited into the General Fund, whereas property taxes collected within the Rainbow Subzone are deposited into the Rainbow Subzone Operations Fund. Moneys in the Rainbow Subzone Operations Fund are not available to pay debt service on the Bonds.

Property tax receipts provide the largest General Fund revenue source of the District, contributing approximately 77.8% of total General Fund revenues during Fiscal Year 2018-19 and are budgeted to equal approximately 79.4% of total General Fund revenues during Fiscal Year 2019-20. In addition, there are several large residential developments being constructed within the District which the District expects will increase property tax revenues in future years.

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens, arising pursuant to State law, on the secured property, regardless of the time of the creation of other liens. The valuation of property is determined as of January 1 each year, and installments of taxes levied upon secured property become delinquent on the following April 10th and December 10th. Taxes on unsecured property are due March 1, and become delinquent August 31.

Secured and unsecured property taxes are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The exclusive means of forcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes of the State for the amount of taxes that are delinquent. The taxing authority has four methods of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on certain property of the taxpayer, and (4) seizure and sale of personal property, improvement or possessory interest belonging or taxable to the assessee.

A ten percent penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, beginning on the July 1 following a delinquency, interest begins accruing at the rate of 1 1/2% per month on the amount delinquent. Such property may thereafter be redeemed by the payment of the delinquent taxes and the ten percent penalty, plus interest at the rate of 1 1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A ten percent penalty also applies to the delinquent taxes or property on the unsecured roll, and further, an additional penalty of 1 1/2% per month accrues with respect to such taxes beginning on the varying dates related to the tax billing date.

Legislation enacted in 1984 (Section 25 *et seq*. of the Revenue and Taxation Code of the State of California), provides for the supplemental assignment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next tax lien date following the change and thus delayed the realization of increased property taxes from the new assessment for up to 14 months. Collection of taxes based on supplemental assessments occurs throughout the year. Taxes due are prorated according to the amount of time remaining in the tax year, with the exception of tax bills dated January 1 through May 31, which are calculated on the basis of the remainder of the current fiscal year and the full 12 months of the next fiscal year.

Should real property in the District decline in market value, Proposition 8 allows for reassessment procedures under which the County assessor is obligated to review the property and enroll the lesser of the factored base year value or the market value. The factored base year value of real property is the market value as established in 1975 or as established when the property last changed ownership or when the property was newly constructed. The assessed value of property that has been reassessed under Proposition 8 may increase more than the standard 2% maximum allowed for properties assessed under Proposition 13 up to its factored Proposition 13 base year value.

From time to time legislation has been considered as part of the State budget to shift property tax revenues from special districts to school districts or other governmental entities. While legislation enacted in connection with the 1992-93 State budget shifted approximately 35% of many special districts' shares of the countywide 1% ad valorem property tax, the share of the countywide 1% ad valorem property tax pledged to debt service by special districts, such as the District, was exempted. The 2004-05 State budget reallocated additional portions of the special districts' shares of the countywide 1% ad valorem property tax shifting a portion of the property tax revenues collected by the County from special districts to school districts. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A" and "—Proposition 22" for a discussion on certain limitations on the State's control over local revenues.

There can be no assurance that the property tax revenues the District currently expects to receive will not be reduced pursuant to State legislation enacted in the future. If the property tax formula is permanently changed in the future it could have a material adverse effect on the receipt of property tax revenue by the District. See "—State Budget Information" below.

In 1949, the California Legislature enacted an alternative method for the distribution of property taxes to local agencies. This method, known as the "Teeter Plan," is found in Sections 4701-4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county collects property taxes and certain other public agencies and taxing areas located in the county receive annually 100% of their shares of property taxes and other levies collected on the secured roll. While the county bears the risk of loss on unpaid delinquent taxes, it retains the penalties associated with delinquent taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the Board of Supervisors orders its discontinuance or unless, prior to the commencement of a fiscal year, a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, decide to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a Fiscal Year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes levied on the secured roll by that agency.

The Board of Supervisors of the County has adopted the Teeter Plan, and the District is a participant. To the extent that the County's Teeter Plan continues in existence and is carried out as adopted with respect to the District, the District will receive 100% of its share of secured property tax levies.

The information in Tables 5 through 9 has been provided by California Municipal Statistics, Inc. Neither the District nor the Underwriter has independently verified the information in such tables and do not guarantee its accuracy.

Tables 5A and 5B below set forth the secured and unsecured assessed valuations for property in the District and in the Rainbow Subzone, respectively, for Fiscal Years 2010-11 through 2019-20. Only property taxes collected from within the District's general service area are deposited into the General Fund.

TABLE 5A
NORTH COUNTY FIRE PROTECTION DISTRICT
ASSESSED VALUATION
FISCAL YEARS 2010-11 THROUGH 2019-20

Fiscal Year	*Local Secured*	*Utility*	*Unsecured*	*Total*
2010-11	$5,974,388,253	$225,000	$60,658,642	$6,035,271,895
2011-12	5,926,925,301	225,000	55,521,289	5,982,671,590
2012-13	5,870,723,284	225,000	57,405,777	5,928,354,061
2013-14	5,979,843,527	--	54,268,078	6,034,111,605
2014-15	6,333,368,425	--	59,391,023	6,392,759,448
2015-16	6,652,891,819	--	59,391,023	6,709,825,930
2016-17	6,944,926,930	--	57,164,549	7,002,091,479
2017-18	7,322,610,807	--	59,483,660	7,382,094,467
2018-19	7,739,212,950	--	60,965,422	7,800,178,372
2019-20	8,233,771,578	--	66,362,058	8,300,133,636

Source: California Municipal Statistics, Inc.

TABLE 5B
NORTH COUNTY FIRE PROTECTION DISTRICT (RAINBOW SUBZONE)
ASSESSED VALUATION
FISCAL YEARS 2010-11 THROUGH 2019-20

Fiscal Year	*Local Secured*	*Utility*	*Unsecured*	*Total*
2010-11	$297,231,212	--	$6,540,295	$303,771,507
2011-12	291,487,111	--	7,125,729	298,612,840
2012-13	289,834,764	--	8,075,573	297,910,337
2013-14	319,708,940	--	6,161,549	325,870,489
2014-15	331,555,626	--	7,163,234	338,718,860
2015-16	343,528,760	--	8,434,560	351,963,320
2016-17	354,496,385	--	9,939,452	364,435,837
2017-18	370,279,651	--	10,666,600	380,946,251

2018-19	392,453,793	--	7,070,542	399,524,335
2019-20	434,462,378	--	10,924,246	445,386,624

Source: California Municipal Statistics, Inc.

Table 6 below sets forth a breakdown of the property tax rates within the District for the past five fiscal years.

TABLE 6
NORTH COUNTY FIRE PROTECTION DISTRICT
SUMMARY OF *AD VALOREM* TAX RATES
TYPICAL TOTAL TAX RATES (TRA 075-002)(1)

	2015-16	*2016-17*	*2017-18*	*2018-19*	*2019-20*
General	1.00000	1.00000	1.00000	1.00000	1.00000
Fallbrook Union School District	0.03208	0.03242	0.03429	0.03400	0.03217
Fallbrook Union High School District	0.02592	0.02670	0.02754	0.02750	0.02360
Palomar Community College District	0.01769	0.01757	0.02053	0.02090	0.02170
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Total	1.07919	1.08019	1.08586	1.08590	1.08097

(1) Fiscal Year 2019-20 assessed valuation of TRA 075-002 is $1,098,470,328 which is 13.23% of the total assessed valuation in the District's general service area, exclusive of the Rainbow Subzone.

Table 7 below summarizes the 1% general *ad valorem* tax levy within the District's general service area for fiscal years 2014-15 through 2018-19. Under the terms of the County's Teeter Plan, the District is paid 100% of the secured tax levy each year by the County and the County takes responsibility for collecting delinquencies and keeps penalties and interest collected from delinquent parcels.

TABLE 7
NORTH COUNTY FIRE PROTECTION DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS 2015 THROUGH 2019

Fiscal Year	*Total Tax Levy(1)(2)*
2014-15	$11,255,892.01
2015-16	11,862,444.50
2016-17	12,426,150.71
2017-18	13,112,492.97
2018-19	13,804,299.06

(1) 1% *ad valorem* tax levy.
(2) San Diego County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the County retaining all penalties and interest. The County may, at any time, discontinue use of the Teeter Plan.
Source: California Municipal Statistics.

Contained within the District are numerous overlapping local agencies providing public services. These local agencies have outstanding debt issued in the form of general obligation, lease revenue and special tax and assessment bonds. The direct and overlapping debt of the District is shown in Table 8 below. Tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds, and non-bonded capital lease obligations are excluded from the debt statement.

TABLE 8
NORTH COUNTY FIRE PROTECTION DISTRICT
STATEMENT OF DIRECT AND OVERLAPPING BOND DEBT
(As of April 1, 2020)

2019-20 Assessed Valuation[1]: $8.300.133.636

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 4/1/20
Metropolitan Water District	0.267%	$ 99.591
Palomar Community College District	6.445	39.660.775
Bonsall Unified School District	54.523	5.409.564
Fallbrook Union High School District	96.513	8.686,170
Fallbrook Union School District	96.301	16.057,687
Palomar Healthcare District	0.147	620.375
North County Fire Protection District	**100.000**	-[2]
California Statewide Communities Development Authority		
Community Facilities District No. 2017-1	100.000	19.305.000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$89.839.162
OVERLAPPING GENERAL FUND DEBT:		
San Diego County General Fund Obligations	1.492%	$ 3.451.742
San Diego County Pension Obligation Bonds	1.492	6,804.117
San Diego County Superintendent of Schools Obligations	1.492	139.502
Palomar Community College District Certificates of Participation	6.445	107.954
Bonsall Unified School District General Fund Obligations	54.523	3.871.133
TOTAL OVERLAPPING GENERAL FUND DEBT		$14,374.448
COMBINED TOTAL DEBT		$104.213.610[3]

Ratios to 2019-20 Assessed Valuation:
Direct Debt ($0)....................0.00%
Total Direct and Overlapping Tax and Assessment Debt....................1.08%
Combined Total Debt....................1.26%

[1] Total assessed valuation of the District's general service area, exclusive of the Rainbow Subzone.
[2] Excludes the Bonds.
[3] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics.

The twenty largest property taxpayers in the District as shown on the Fiscal Year 2019-20 secured tax roll, the land use, the assessed valuation and the respective percentage of the District's total assessed valuation are shown on Table 9 below.

TABLE 9
NORTH COUNTY FIRE PROTECTION DISTRICT
TOP TWENTY PRINCIPAL PROPERTY TAXPAYERS

	Property Owner	*Land Use*	*Fiscal Year 2019-20 Assessed Valuation*	*% of Total* [(1)]
1.	D.R. Horton Los Angeles Holding Company	Residential Development	$78.110.750	0.95%
2.	Richmond American Homes of Maryland Inc.	Residential Development	31.196.656	0.38
3.	Ocean Breeze Ranch LLC	Residential Development	29,077,093	0.35
4.	Fallbrook GR F2 LLC	Shopping Center	23.774.103	0.29
5.	Albertsons Stores Sub LLC	Supermarket	19.380.000	0.24
6.	Americare Health & Retirement LLC	Assisted Living Facility	19.105.090	0.23
7.	Moody Creek Farms LLC	Residential Development	18.936,746	0.23
8.	Development Solutions Bon LLC	Residential Development	17.455.097	0.21
9.	Beazer Homes Holdings LLC	Residential Development	14.374.755	0.17
10.	CPI/GV Crestview Estates Owner LLC	Mobile Home Park	14.000,000	0.17
11.	Axelgaard Manufacturing Co. Ltd.	Industrial	13.108.445	0.16
12.	Efren R. Cota Ltd.	Apartments	12.986.966	0.16
13.	20005 Delaware LLC	Rural/Ranch	12.412.597	0.15
14.	Sheryl A. Hailey	Apartments	12.338.402	0.15
15.	Fallbrook Medical Arts LLC	Medical Building	11.063.092	0.13
16.	Fallbrook Plaza LLC	Shopping Center	10.574.081	0.13
17.	Godfrey Family Trust	Agricultural/Rural	10.247.392	0.12
18.	Amber Creek Associates Ltd.	Apartments	9.245,388	0.11
19.	BRCC Investments LLC	Shopping Center	9,180.000	0.11
20.	Fallbrook Village Apartments LLC	Apartments	9.093.300	0.11
	Total		$375.659.953	4.56%

(1) Fiscal Year 2019-20 Local Secured Assessed Valuation in the District's general service area. exclusive of the Rainbow Subzone: $8.233.771.578.
Source: California Municipal Statistics. Inc.

Charges for Services. Charges for services provided by the District are another significant revenue source of the District, contributing approximately 17.3% of General Fund revenues in Fiscal Year 2018-19. Of such Fiscal Year 2018-19 General Fund revenues, $2,068,255 (or approximately 62.42%) were attributable to charges for ambulance services. The District provides ambulance services within its service area and contracts with a private third party for ambulance billing services. The District pays this third party a flat fee on monies collected and collections are handled by a separate third party. The District has budgeted receipt of approximately $1,945,000 in charges for ambulance services in Fiscal Year 2019-20.

In Fiscal Year 2018-19. $687,747 (or approximately 20.8%) of the General Fund charges for services revenues were attributable to payments from the California Office of Emergency Services ("OES"). OES pays local agencies, such as the District, for various costs incurred when the local agency responds to various regional or statewide emergencies, though many of the payments from OES to the District are made in the fiscal year after which the costs are incurred. Because of the unpredictable timing of the payments from OES, it is difficult to project OES payments in a given fiscal year. However, the District has averaged $473,450 in payments from OES annually over the past 5 years and expects to receive approximately this amount in each fiscal year for the foreseeable future.

Other types of revenue in this category include fire prevention charges, mitigation fees, annexation fees and administration fees.

Indebtedness

General Obligation Debt. The District currently has no general obligation debt outstanding.

Long Term Debt. Table 10 below is a summary of long-term obligation transactions of the District for the year ended June 30, 2019.

TABLE 10
NORTH COUNTY FIRE PROTECTION DISTRICT
LONG TERM DEBT OF THE DISTRICT

Long-Term Debt	*Balance July 1, 2018*	*Additions*	*Payments*	*Balance June 30, 2019*	*Current Portion*	*Long-term Portion*
Bond payable - Station No. 5	$ 2,641,000	$ -	$ (123,000)	$ 2,518,000	$ 129,000	$ 2,389,000
Note payable - Station No. 5[1]	1,636,271	-	(94,019)	1,542,252	99,261	1,442,991
Capital lease payable - ambulance I	129,857	-	(42,129)	87,728	43,275	44,453
Capital lease payable - ambulance II	169,420	-	(40,405)	129,015	41,678	87,337
Capital lease payable - EKG monitors	303,331	-	(60,666)	242,665	60,666	181,999
Capital lease payable - ambulance remount	-	145,000	(49,600)	95,400	46,697	48,703
Capital lease payable - radios	-	579,815	(151,851)	427,964	138,199	289,765
Capital lease payable - equipment	-	1,464,657		1,464,657	28,598	1,436,059
Loan payable - solar project I	383,721	-	(31,649)	352,072	31,957	320,115
Loan payable - solar project II	206,669	-	(10,535)	196,134	10,635	185,499
Loan payable - administrative building	853,451	-	(57,626)	795,825	59,616	736,209
	$ 6,323,720	$ 2,189,472	$ (661,480)	$ 7,851,712	$ 689,582	$ 7,162,130

[1] Prepaid by the District during Fiscal Year 2019-20 from amounts in the General Fund which the District expects to reimburse over time from mitigation fees.
Source: North County Fire Protection District.

For more information in the District's outstanding long-term debt, see Note 7 to the District's audited financial statements set forth in Appendix A.

Short-Term Debt. The District currently has no short-term debt outstanding and does not expect to issue any short-term debt in Fiscal Year 2020-21.

Additional Debt. Other than the Bonds, the District does not currently anticipate incurring any additional indebtedness payable from the General Fund in the next five years.

District Pension Funding Policy

The District's Pension Funding Policy was approved by the Board of Directors on March 24, 2020 with the goal of mitigating a portion of the District's long-term CalPERS liability. The policy established a Pension Stabilization Trust to be used to pre-pay the District's annual UAL payment and to hold one-time revenues set aside to make CalPERS payments in accordance with the policy. The policy also commits the District to making its annual required contributions to CalPERS. District staff is directed to monitor General Fund debt obligations for savings opportunities and redirect any savings to the Pension Stabilization Fund, as desired.

District Investment Policy

The District's statement of Investment Policy prepared in accordance with Section 53601 of the California Government Code (the "Investment Policy") states that the basic premise underlying the District's investment philosophy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Hence, safety of principal is the foremost objective of the District, followed by liquidity and yield.

The Investment Policy allows deposits into financial institutions, the California Local Agency Investment Fund and the San Diego County Treasury's Pooled Investment Fund. Investment types include time deposits, bankers acceptances, U.S. Treasury Bills and notes, governmental agency securities, repurchase agreements, reverse repurchase agreements, commercial paper, medium term notes of corporations operating within the United States rated "A" or better by Standard and Poor's Rating Group or by Moody's Investors Services, and State Local Agency Investment Fund ("LAIF").

The District's investments, as of June 30, 2019, are set forth in Table 11 below.

TABLE 11
NORTH COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF INVESTMENTS

Investment s	*Measurement Input*	*Credit Rating*	*Fair Value June 30, 2019*	*Maturity 12 Months or Less*
California Local Agency Investment Fund	Level 2	Not Rated	$ 2,531,145	$ 2,531,145
San Diego County Pooled Investment Fund	Level 2	AAAf/S1	4,158,722	4,158,722
Totals			**$ 6,689,867**	**$ 6,689,867**

Source: North County Fire Protection District.

For more information on the District's investments, see Note 2 to the District's audited financial statements attached hereto as Appendix A.

Risk Management

General. The District is exposed to various risks of loss and has effectively managed risk through a combination of insurance, with deductibles, self-insurance, and employee education and prevention programs. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. In addition, there were no settlements or claims in the past three years that exceeded insurance coverage.

General and Auto Liability. The District is insured for a variety of potential exposures. The District maintains general liability insurance in the amount of $1,000,000 per occurrence and $3,000,000 aggregate. The District has also purchased additional excess coverage layers in the amount of $10,000,000 per occurrence and $20,000,000 aggregate for general and auto liability.

Workers' Compensation. The District is self-insured for workers' compensation benefits. The District is one of nine participants in the Public Agency Self-Insurance System ("PASIS"). PASIS is a joint-powers authority which was established in 1977 for the purpose of operating and maintaining a cooperative program of self-insurance and risk management for workers' compensation. There is no pooling of workers' compensation liability between the participants, and each participant self-insures their liability up to $300,000 per occurrence. As of June 30, 2019, the District had $473,794 on deposit with PASIS.

All members of PASIS are responsible for paying their own claims and related expenses. PASIS may advance funds to members who have incurred large losses; however, these advances must be repaid. Excess insurance is purchased above the self-insured retention. As of June 30, 2019, the District's liability for workers' compensation claims payable was estimated at $2,897,373.

Changes in workers' compensation claims payable for the year ended June 30, 2019, were as follows:

Description	***Balance***
Estimated claims balance - July 1, 2018	$ 2,749,945
Claim payments	7,402,138
Revised claims estimate	(7,254,710)
Change in claims balance	147,428
Estimated claims balance - June 30, 2019	$ 2,897,373

Source: North County Fire Protection District.

Pension Plans

This caption contains certain information relating to CalPERS. The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The District has not independently verified the information provided by CalPERS and neither makes any representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. The District cannot guarantee the accuracy of such information. Actuarial assessments are forward-looking statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

Plan Description. The District contributes to CalPERS, a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State, including the District. Benefit provisions and all other requirements are established pursuant to State statute and District ordinance. Copies of CalPERS' annual financial report may be obtained from its executive office located at 400 Q Street, Sacramento, California 95811, or via http://www.calpers.ca.gov. The information on such website is not incorporated herein.

The District participates in a Miscellaneous Plan with two tiers within such plan: a 2.7% at 55 Plan for employees hired prior to December 31, 2012 and a 2.0% at 62 Plan for employees hired on or after January 1, 2013, which is part of a larger risk pool containing other public agencies. Participants in the 2.7% at 55 Plan are required to contribute 8% of their annual covered salary and participants in the 2.0% at 62 Plan are required to contribute 6.50% of their annual covered salary.

The District also participates in a Safety Plan with two tiers within such plan: a 3.0% at 55 Plan for employees hired prior to December 31, 2012 and a 2.7% at 57 Plan for employees hired on or after January 1, 2013, which is part of a larger risk pool containing other public agencies. Participants in the 3.0% at 55 Plan are required to contribute 9% of their annual covered salary and participants in the 2.7% at 57 Plan are required to contribute 12.25% of their annual covered salary.

AB 340, Public Employee Pension Reform Act of 2013 (PEPRA). On September 12, 2012, the California Governor signed Assembly Bill 340 ("AB 340" or "PEPRA"), which implements pension reform in California. Effective January 1, 2013, AB 340: (i) requires public retirement systems and their participating employers to share equally with employees the normal cost rate for such retirement systems; (ii) prohibits employers from paying employer-paid member contributions to such retirement systems for employees hired after January 1, 2013; (iii) establishes a compulsory maximum non-safety benefit formula of 2.5% at age 67; (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36-month period; and (v) caps pensionable income at $110,100 ($132,120 for employees not enrolled in Social

Security) subject to Consumer Price Index increases. Other provisions reduce the risk of the District incurring additional unfunded liabilities, including prohibiting retroactive benefits increases, generally prohibiting contribution holidays, and prohibiting purchases of additional non-qualified service credit.

Pursuant to AB 340, the District established a new pension tiers 2.0% at 62 for Miscellaneous and 2.7% at 57 for Safety for employees hired on or after January 1, 2013 who were not previously CalPERS members. These additional tiers are described above.

Funding Policy. Required employer and employee contributions are determined by CalPERS based upon various actuarial assumptions which are revised annually. The District currently funds the normal pension costs, which are determined by CalPERS using the Entry Age Normal Cost Method, as well as an amortization of the District's unfunded accrued liability.

Beginning with Fiscal Year 2017-18, CalPERS collects employer contributions towards the unfunded liability as a dollar amount instead of the prior method of using a contribution rate. The following tables show the District's contribution rates, as determined by CalPERS for Fiscal Years 2017-18 through 2020-21. The District funded such amounts in Fiscal Years 2017-18 and 2018-19 and expects to fully fund the amounts for Fiscal Year 2019-20. Pursuant to the memoranda of understanding with the District's employee bargaining units, employees who participate in CalPERS pay 100% of their required employee contributions.

North County Fire Protection District
CalPERS Contribution Rates(1)

Miscellaneous 2.7% at 55 Plan of the North County Fire Protection District

Fiscal Year	*Employer Normal Cost*	*Unfunded Liability Contribution*
2017-18	12.470%	$225,991
2018-19	13.084	251,717
2019-20	13.945	280,036
2020-21	15.037	366,712

Safety 3.0% at 55 Plan of the North County Fire Protection District

Fiscal Year	*Employer Normal Cost*	*Unfunded Liability Contribution*
2017-18	19.520%	$841,108
2018-19	20.416	1,098,642
2019-20	21.748	1,382,438
2020-21	23.558	1,606,088

PEPRA Miscellaneous 2.0% at 62 Plan of the North County Fire Protection District

Fiscal Year	*Employer Normal Cost*	*Unfunded Liability Contribution*
2017-18	6.908%	$39
2018-19	7.266	480
2019-20	7.072	1,250
2020-21	7.874	1,575

PEPRA Safety 2.7% at 57 Plan of the North County Fire Protection District

Fiscal Year	*Employer Normal Cost*	*Unfunded Liability Contribution*
2017-18	12.729%	$132
2018-19	12.965	678
2019-20	13.786	1,829
2020-21	13.884	3,700

(1) CalPERS currently produces a separate actuarial report for each of the tiers within the District's Miscellaneous Plan and a separate actuarial report for each of the tiers within the District's Safety Plan.
Source: CalPERS Actuarial Reports dated July 2019, as of June 30, 2018.

The required employer contributions for Fiscal Year 2019-20 were determined as part of the June 30, 2018 actuarial valuation using the entry age actuarial cost method. See the caption "—*CalPERS Plan Actuarial Methods*" below for a description of CalPERS actuarial assumptions.

Funded Status. The following tables set forth the schedule of funding progress for the District's Miscellaneous Plan and Safety Plan.

NORTH COUNTY FIRE PROTECTION DISTRICT
CalPERS Plans Funded Status(1) (2)

Miscellaneous 2.7% at 55 Plan of the North County Fire Protection District

Valuation Date	*Accrued Liability*	*Share of Pool's Market Value of Assets*	*Plan's Share of Pool's Unfunded Liability*	*Funded Ratio*	*Annual Covered Payroll*
06/30/2014	$7,298,657	$5,005,165	$2,293,492	68.6%	$494,312
06/30/2015	7,616,649	5,065,586	2,551,063	66.5	523,064
06/30/2016	7,616,649	4,977,006	2,968,924	62.6	553,047
06/30/2017	8,243,817	5,326,863	2,916,954	64.6	418,128
06/30/2018	8,996,717	5,821,891	3,174,826	64.7	383,094

Safety 3.0% at 55 Plan of the North County Fire Protection District

Valuation Date	*Accrued Liability*	*Share of Pool's Market Value of Assets*	*Plan's Share of Pool's Unfunded Liability*	*Funded Ratio*	*Annual Covered Payroll*
06/30/2014	$71,629,524	$59,092,155	$12,537,369	82.5%	$5,556,190
06/30/2015	74,912,657	59,000,719	15,911,938	78.8	5,269,920
06/30/2016	80,058,954	59,165,928	20,893,026	73.9	5,033,000
06/30/2017	84,996,345	64,250,465	20,745,880	75.6	5,220,791
06/30/2018	92,073,459	67,829,492	24,243,967	73.7	5,322,012

PEPRA Miscellaneous 2.0% at 62 Plan of the North County Fire Protection District

Valuation Date	*Accrued Liability*	*Share of Pool's Market Value of Assets*	*Plan's Share of Pool's Unfunded Liability*	*Funded Ratio*	*Annual Covered Payroll*
06/30/2014	$7,700	$8,042	$(342)	104.5%	$93,653
06/30/2015	8,532	8,015	517	93.9	45,527
06/30/2016	19,740	17,296	2,444	87.6	114,323
06/30/2017	52,143	49,929	2,214	95.8	183,275
06/30/2018	127,365	119,551	7,814	93.9	723,470

PEPRA Safety 2.7% at 57 Plan of the North County Fire Protection District

Valuation Date	*Accrued Liability*	*Share of Pool's Market Value of Assets*	*Plan's Share of Pool's Unfunded Liability*	*Funded Ratio*	*Annual Covered Payroll*
06/30/2014	$7,980	$8,319	$(339)	104.2%	$120,000
06/30/2015	42,751	39,690	3,061	92.8	435,256
06/30/2016	177,847	160,563	17,284	90.3	719,738
06/30/2017	428,654	409,645	19,009	95.6	1,083,445
06/30/2018	645,627	585,420	60,207	90.7	530,704

(1) CalPERS currently produces a separate actuarial report for each of the tiers within the District's Miscellaneous Plan and a separate actuarial report for each of the tiers within the District's Safety Plan.
(2) Part of larger risk pool containing other public agencies.
Source: CalPERS Actuarial Reports dated July 2019, as of June 30, 2018.

Benefits Provided. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous and Safety members are calculated as a percentage of their plan based the average final 36 months compensation. Retirement benefits for PEPRA Miscellaneous and Safety members are calculated as a percentage of their plan based the average final 36 months compensation.

Participant members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees. A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit.

The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.15% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

Employees Covered. At June 30, 2018 (the measurement date), the following employees were covered by the benefit terms of the Miscellaneous and Safety Plans:

	Miscellaneous Plans		
Plan Members	***Classic Tier 1***	***PEPRA Tier 2***	***Total***
Active members	5	21	26
Transferred and terminated members	4	3	7
Separated members	2	1	3
Retired members and beneficiaries	30	-	30
Total plan members	41	25	66

	Safety Plans		
Plan Members	***Classic Tier 1***	***PEPRA Tier 2***	***Total***
Active members	48	6	54
Transferred and terminated members	45	22	67
Separated members	12	6	18
Retired members and beneficiaries	65	-	65
Total plan members	170	34	204

Source: Audited Financial Statements for Fiscal Year 2018-19.

Contributions. The California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members.

For the year ended June 30, 2019, the contributions made to the Plan were as follows:

	Miscellaneous Plans		
Contribution Type	***Classic Tier 1***	***PEPRA Tier 2***	***Total***
Contributions - employer	$ 294,776	$ 60,009	$ 354,785
Contributions - members	31,719	53,269	84,988
Total contributions	$ 326,495	$ 113,278	$ 439,773

	Safety Plans		
Contribution Type	***Classic Tier 1***	***PEPRA Tier 2***	***Total***
Contributions - employer	$ 2,167,022	$ 74,067	$ 2,241,089
Contributions - members	487,905	72,191	560,096
Total contributions	$ 2,654,927	$ 146,258	$ 2,801,185

Source: Audited Financial Statements for Fiscal Year 2018-19.

Proportionate Share of Net Pension Liability and Pension Expense. The following table shows the Plan's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous and Safety Plans. The net pension liability balances have a measurement date of June 30, 2018, which are rolled-forward for the District's fiscal year ended June 30, 2019.

Plan Type and Balance Descriptions	***Plan Total Pension Liability***	***Plan Fiduciary Net Position***	***Plan Net Pension Liability***
Miscellaneous Plan:			
Balance as of June 30, 2017 (Measurement Date)	$ 8,634,521	$ 5,495,105	$ 3,139,416
Balance as of June 30, 2018 (Measurement Date)	8,788,467	5,754,190	3,034,277
Change in Plan Net Pension Liability	153,946	259,085	(105,139)

Plan Type and Balance Descriptions	***Plan Total Pension Liability***	***Plan Fiduciary Net Position***	***Plan Net Pension Liability***
Safety Plan:			
Balance as of June 30, 2017 (Measurement Date)	$ 86,127,003	$ 64,596,689	$ 21,530,314
Balance as of June 30, 2018 (Measurement Date)	89,855,604	68,537,013	21,318,591
Change in Plan Net Pension Liability	3,728,601	3,940,324	(211,723)

Source: Audited Financial Statements for Fiscal Year 2018-19.

Overall Net Pension Liability. The overall net pension liability of the District as of June 30, 2019, including the CalPERS Side Fund, is shown in the following table. The net pension liability balances have a measurement date of June 30, 2018, which are rolled-forward for the District's fiscal year ended June 30, 2019.

Description	***Balance***
Net pension liability	$ 23,558,181
Pension-related debt - CalPERS side-fund	794,687
Total net pension liability balance for footnote	$ 24,352,868

Source: Audited Financial Statements for Fiscal Year 2018-19.

For additional information relating to the District's CalPERS Plan, see Note 9 to the District's financial statements set forth in Appendix A.

CalPERS Plan Actuarial Methods. The staff actuaries at CalPERS prepare annually an actuarial valuation which is typically delivered in the time period from July through October of each year (thus, the actuarial valuation dated July 2019 (the most recent valuation provided to the District) covered CalPERS' Fiscal Year ended June 30, 2018). The actuarial valuations express the District's required contribution which the District must contribute in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the District's contribution requirement derived from the actuarial valuation as of June 30, 2019 affects the District's Fiscal Year 2020-21 required contribution). CalPERS rules require the District to implement the actuary's recommended rates.

The annual actuarially required contribution rates consist of two components: the normal cost and the unfunded accrued liability ("UAL"). The normal cost represents the actuarial present value of benefits that CalPERS will fund under the CalPERS plans that are attributed to the current year, and the accrued liability (the "AAL") represents the actuarial present value of benefits that CalPERS will fund that are attributed to past years. The UAL represents an estimate of the actuarial shortfall between actuarial value of assets on deposit at CalPERS and the present value of the benefits that CalPERS will pay under the CalPERS plans to retirees and active employees upon their retirement. The UAL is based on several assumptions such as, among others, the expected rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAL may be considered an estimate of the unfunded actuarial present value of the benefits that CalPERS will pay under the CalPERS plans to retirees and active employees upon their retirement and not as a fixed expression of the liability the District owes to CalPERS under its CalPERS plans.

The CalPERS Chief Actuary considers various factors in determining the assumptions to be used in preparing the actuarial report. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability, and other factors. This experience study is generally done once every four years. The most recent experience study was completed in 2017 in connection with the preparation of actuarial recommendations by the CalPERS Chief Actuary as described below.

The following table sets forth certain economic actuarial assumptions of PERS annual valuations from June 30, 2016 through June 30, 2019 and the corresponding District's contributions for Fiscal Years 2018-19 through 2021-22.

Valuation Date	*6/30/16*	*6/30/17*	*6/30/18*	*6/30/19*
	Contribution for Fiscal Year[1]			
Assumption	***2018-19***	***2019-20***	***2020-21***	***2021-22***
Investment Returns	7.25%	7.00%	7.00%	7.00%
Inflation	2.625	2.50	2.50	2.50
Salary Increase (Total Payroll)	2.875	2.75	2.75	2.75

(1) The investment return assumptions for Fiscal Year 2018-19 and subsequent fiscal years were approved by the PERS Board at its December 2016 meeting, as a result of the Asset Liability Management Process completed at that time. The assumptions for inflation and salary increase for Fiscal Year 2018-19 and subsequent fiscal years were also approved by the PERS Board at its December 2017 meeting, as recommended by the 2017 experience study.

On November 18, 2015, the CalPERS Board adopted a Funding Risk Mitigation Policy that seeks to reduce funding risk over time. It establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return, and strategic asset allocation targets. Reducing the volatility of investment returns is expected to increase the long-term sustainability of CalPERS pension benefits for members. In February 2017, the CalPERS Board revised the Funding Risk Mitigation Policy. The revisions include suspension of the policy until Fiscal Year 2020-21, and a decrease of the required first excess investment return threshold from 4 to 2 percent.

On February 14, 2018, the CalPERS Board of Administration adopted revisions to its actuarial amortization policy. Major revisions that affect state plans were made to the amortization of investment gains and losses, as well as to actuarial surplus. For the amortization of investment gains and losses, the amortization period was reduced from 30 years to 20 years, and the 5-year direct smoothing process was removed from the end of the amortization period. Amortization of actuarial surplus was eliminated. These policy revisions will be applied to the amortization of investment gains and losses, and actuarial surplus, experienced on or after June 30, 2019. These revisions will affect contributions starting in Fiscal Year 2020-21.

On June 25, 2012, the Governmental Accounting Standards Board approved GASB Statement No. 68 ("GASB 68") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. GASB 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the new accounting standards change financial statement reporting requirements, they do not impact funding policies of the pension systems. The audited financial statements of the District for Fiscal Year 2019 attached hereto as Appendix A reflects the application of the GASB 68. GASB 68 is a change in accounting reporting standards but it does not change the District's CalPERS plan funding obligations.

For additional information relating to the District's CalPERS obligations, see Note 10 to the District's financial statements set forth in Appendix A.

Postemployment Benefits Other Than Pensions

Plan description. The District provides other postemployment benefits to employees who retire from the District and meet certain eligibility requirements. The contribution requirements of single-employer plan members and the District are established and may be amended by the Board of Directors. The District implemented its plan (the "OPEB Plan") in Fiscal Year 2014 when the District joined CalPERS for medical insurance for its employees and retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided. Following is a description of the current retiree benefit plan:

	Firefighters	***Miscellaneous***
Benefit types provided	Medical only	Medical only
Duration of Benefits	Lifetime	Lifetime
Required Service	CalPERS Retirement	CalPERS Retirement
Minimum Age	CalPERS Retirement	CalPERS Retirement
Dependent Coverage	Surviving Spouse only	Surviving Spouse only
District Contribution %	100% to cap	100% to cap
District Cap	Minimum employer contribution under PEMHCA(1)	Minimum employer contribution under PEMHCA(1)

(1) $136 per month in 2018 indexed to Medical component of the CPI.
Source: Audited Financial Statements for Fiscal Year 2018-19.

Employees Covered by Benefit Terms. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees entitled to but not yet receiving benefit payments	31
Active employees	62
Total	93

Total OPEB Plan Liability. The District's total OPEB Plan liability of $3,689,312 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date. The changes in the total OPEB Plan liability during Fiscal Year 2018-19 are shown in the table below.

	Total OPEB Liability
Balance at July 1, 2018	$ 2,237,699
Changes for the year:	
Service cost	102,156
Interest	87,926
Changes in assumptions	202,727
Changes in benefit terms	1,228,696
Differences in actual experience	(117,846)
Benefit payments	(52,046)
Net changes	1,451,613
Balance at June 30, 2019	$ 3,689,312

Source: Audited Financial Statements for Fiscal Year 2018-19.

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.15%
Inflation	2.75%
Salary Increases	Salary Scale plus Merit
Investment Rate of Return	3.15%
Mortality Rate	CalPERS Membership Data
Pre-Retirement Turnover	CalPERS Membership Data
Healthcare Trend Rate	4%

Source: Audited Financial Statements for Fiscal Year 2018-19.

The mortality assumptions are based on the 2014 CalPERS Active and Retiree Mortality for Miscellaneous and Safety Employees table created by CalPERS. The retirement assumptions are based on the 2009 CalPERS 2.0% at 60 Rates for Miscellaneous Employees, the 2009 CalPERS 2.7% at 55 Rates for Miscellaneous Employees, and the 2009 PERS 3% at 55 FIRE RX tables created by CalPERS. The turnover assumptions are based on the 2009 CalPERS Turnover for Miscellaneous Employees and Sworn Fire Employees tables created by CalPERS. The discount rate used to measure the total OPEB liability was 3.15%. The projection of cash flows used to determine the discount rate assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years using the Bond Buyer 20 Bond Index was used.

In June 2015, GASB published Statement No. 75 ("GASB 75"), which replaced the requirements under GASB No. 45. The provisions in GASB 75 became effective for fiscal years beginning after June 15, 2017. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (i.e. OPEB). GASB 75 requires that most changes in the net OPEB liability be included in OPEB expense in the period of the change. GASB 75 also requires certain descriptive information to be included in the notes to a public agency's audited financial statements as well as additional supplementary information such as sources of changes in net OPEB liability and the components of the net OPEB liability. The District implemented GASB 75 beginning with its audited financial statements for Fiscal Year 2017-18.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2019, the District recognized OPEB expense of $1,432,925. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB of the following:

	Deferred Outflows of Resources	*Deferred Inflows of Resources*
Changes of assumptions	$ 168,939	$ -
Differences between expected and actual experience	-	(98,205)
Total	$ 168,939	$ (98,205)

Source: Audited Financial Statements for Fiscal Year 2019.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2020	$ 14,147
2021	14,147
2022	14,147
2023	14,147
2024	14,146
Thereafter	-
Total	$ 70,734

Source: Audited Financial Statements for Fiscal Year 2019.

For additional information relating to the District's OPEB Plan, see Note 11 to the District's financial statements set forth in Appendix A.

State Budget Information

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, neither the District nor the Underwriter guarantees the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest due with respect to the Bonds is payable from any funds of the State.

In 2008, the State began experiencing the most significant economic downturn and financial pressure since the Great Depression of the 1930s. Despite the recent significant budgetary improvements, according to the State, there remain a number of major risks and pressures that threaten the State's financial condition, including the threat of recession, potential changes to federal fiscal policies and large unfunded liabilities now totaling in excess of $200 billion for CalPERS, CalSTRS, the University of California ("UC") Retirement System and the State's and UC's retiree healthcare benefits plans. The State's revenues (particularly the personal income tax) can be volatile and correlate to overall economic conditions. There can be no assurances that the State will not face fiscal stress and cash pressures again, or that other changes in the State or national economies will not materially adversely affect the financial condition of the State.

The District cannot predict the extent of any budgetary problems the State will encounter in future fiscal years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the District cannot predict the impact that State budgets will have on the District's finances and operations or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the District has no control. See "RISK FACTORS—Dependence on State for Certain Revenues."

RISK FACTORS

The following information should be considered by prospective investors, in addition to the other matters set forth in this Official Statement in evaluating the Bonds. However, it does not purport to be a comprehensive or exhaustive discussion of risks or other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. There can be no assurance that other risk factors not discussed herein will not become material in the future.

District Obligations

The District has other obligations payable from its General Fund, including but not limited to debt obligations, lease obligations and other obligations related to post-employment retirement benefits as well as certain other liabilities. The Trust Agreement does not prohibit the County from incurring additional lease and other obligations payable from the District's General Fund. See "THE DISTRICT—Indebtedness" for further discussion of the District's obligations.

Increasing Retirement Related Costs

The District is required to make contributions to CalPERS for District employees. Such obligations are a significant financial obligation of the District and are projected to increase significantly in the future. Actual contribution rates will depend on a variety of factors, including but not limited to actual investment returns, and future changes to benefits or actuarial assumptions. There can be no assurances that actual increases in required contributions will not be higher than the projections. See "THE DISTRICT—Pension Plans."

Dependence on State for Certain Revenues

A significant amount of the District's revenues are collected and dispersed by the State or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on District finances. In the event of a material economic downturn in the State, there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to local governments (including the District) or shift financial responsibility for programs to local governments as part of the State's efforts to address any such related State financial difficulties.

Natural Disasters

The occurrence of any natural disaster in the District, including, without limitation, fire, windstorm, drought, earthquake, landslide, mudslide or flood could have an adverse material impact on the economy within the District, its General Fund and the revenues available for the payments on the Bonds.

The District, like the rest of southern California, is located within a seismically active region. Faults and earthquakes present direct hazards from fault rupture and ground shaking as well as indirect hazards. The area within the District is located atop or near several earthquake faults.

An earthquake on any of these faults, or in any other location near the District, would be particularly damaging to residential buildings, especially to those of older wooden or unreinforced masonry construction, or to mobile homes. An earthquake along one of the faults in the vicinity, either known or unknown, could cause a number of casualties and extensive property damage. The effects of such a quake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake can easily exceed the resources of the District and would require a high level of self-help, coordination and cooperation.

The State, including the area within the District, is periodically subject to wildfires. When wildfires scorch land, they destroy all vegetation on mountains and hillsides. As a result, when heavy rain falls in the winter, there is nothing to stop the rain from penetrating directly into the soil. In addition, waxy compounds in plants and soil that are released during fires create a natural barrier in the soil that prevents rainwater from seeping deep into the ground. The result is erosion, mudslides, and excess water running off the hillsides often causing flash flooding. Approximately 57% of the area within the District is located in a high or very high fire hazard severity zone.

Climate change caused in part by human activities may have adverse effects on the area within the District. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts as well as increased risk of flooding. The District considers the potential effects of climate change in its planning. Projections of the impacts of global climate change on the District are complex and depend on many factors that are outside the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. While the impacts of climate change may be mitigated by the District's past and future investment in adaptation strategies, the District can give no assurance about the net effects of those strategies and whether the District will be required to take additional adaptive mitigation measures.

The occurrence of natural disasters in the District could result in substantial damage to the area within the District which, in turn, could substantially reduce General Fund revenues and affect the ability of the District to make the payments on the Bonds.

Hazardous Substances

An environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of any hazardous substance that would limit the beneficial use of a property within the District. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any substantial amount of property within the District be affected by a hazardous substance, would be to reduce the marketability and value of the property by the costs of, and any liability incurred by, remedying the condition, since a purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller. Such reduction could adversely impact the property tax revenues received by the District and deposited into the General Fund, which could significantly and adversely affect the operations and finances of the District.

Cybersecurity

The District relies on computers and technology to conduct its operations. The District faces cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. To date, there has been one significant cyber-attack on the District's computers and technologies: in 2017, the District experienced a Ransomware attack in which files on the District's server were encrypted. The District was able to respond to the attack in real-time and mitigated its impact by taking the server off the network, locating the issues and restoring the files from a back-up server. As a result of the cyber-attack, the District implemented new cybersecurity measures including installing a firewall with an additional security package that includes intrusion detection/prevention, content filtering and person-to-person disabling. Additionally, the District carries cybersecurity insurance that provides coverage in the amount of $2 million.

While the District is routinely maintaining its technology systems and continuously implementing new information security controls, no assurances can be given that the District's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the District's computer and technology could negatively impact the District's operations, and the costs related to such attacks could be substantial.

Limitation on Sources of Revenues; Additional Expenditures

There are limitations on the ability of the District to increase revenues payable to the District's General Fund. The ability of the District to increase taxes is limited by Article XIII A, Article XIII B, Article XIII C, Article XIII D and Proposition 62. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." There can be no assurances that state or federal actions affecting the District will not have a material adverse financial impact on the District.

Limitation on Remedies; Bankruptcy

The enforceability of the rights and remedies of the Holders of the Bonds are subject to a number of limitations, including bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

In addition, the rights and remedies of the Holders of the Bonds may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. The District is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the District is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. Should the District file for bankruptcy, there could be adverse effects on the Holders of the Bonds.

If the District is in bankruptcy, the parties (including the Trustee and the Holders of the Bonds) may be prohibited from taking any action to collect any amount from the District or to enforce any obligation of the District, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the Holders of the Bonds from funds in the Trustee's possession.

The Bonds are not secured by any property other than the funds that the District has actually deposited with the Trustee. The Bonds are not secured by funds in the District treasury which are allocated for deposit in the Revenue Fund in the District treasury. If the District is in bankruptcy, it may not be obligated to make any further deposits with the Trustee, it may not be obligated to make any further allocations of funds for deposit to the Revenue Fund, and it may not be obligated to turn over to the Trustee any moneys in the District treasury that have been allocated for deposit to the Revenue Fund. As a result, the Bonds would likely be treated as unsecured obligations of the District in the bankruptcy case. Under such circumstances, the Holders of the Bonds could suffer substantial losses.

The District may be able, without the consent and over the objection of the Trustee or the Holders of the Bonds, to alter the priority, interest rate, payment terms, maturity dates, payment sources, covenants, and other terms or provisions of the Trust Agreement and the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds, or result in losses to the Holders of the Bonds. Regardless of any specific adverse determinations in a District bankruptcy proceeding, the fact a District bankruptcy proceeding has occurred could have an adverse effect on the liquidity and value of the Bonds.

In two situations in the State, holders of pension obligations bonds issued by cities that participate in CalPERS experienced significant losses in their investment in such pension obligation bonds as a result of the cities subsequently seeking voluntary protection from their creditors pursuant to Chapter 9 of the Bankruptcy Code.

Limited Secondary Market

As stated herein, investment in the Bonds poses certain economic risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand the risk of investment in the Bonds should consider such investment. There can be no guarantee that there will be a secondary market for purchase or sale of the Bonds or, if a secondary market exists, that the Bonds can or could be sold for any particular price.

No Limit on Additional General Fund Obligations

The District has other obligations payable from its General Fund. The District has the ability to enter into other obligations which would constitute additional charges against its general revenues. To the extent that such additional obligations are incurred by the District, the funds available to make payments on the Bonds may be decreased.

Pension Benefit Liability

Many factors influence the amount of the District's pension benefit liability, including, without limitation, inflationary factors, changes in statutory provisions of applicable retirement system laws, changes in the levels of benefits provided or in the contribution rates of the District, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods, and differences between actual and anticipated investment experience of CalPERS. Any of these factors could give rise to additional liability of the District to its pension system as a result of which the District would be obligated to make additional payments to its pension system over the amortization schedule for full funding of its obligation to its pension system.

Assessed Value of Taxable Property

Property taxes account for a significant portion of the District's General Fund revenues. Natural and economic forces can affect the assessed value of taxable property within the District. The District is located in a seismically active region, and damage from an earthquake in or near the area could cause moderate to extensive damage to taxable property. Other natural or manmade disasters, such as flood, fire, wildfire, ongoing drought, toxic dumping, coastal erosion or acts of terrorism, could cause a reduction in the assessed value of taxable property within the District. Economic and market forces, such as a downturn in the regional economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets as has been experienced in the past. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Reductions in the market values of taxable property may cause property owners to appeal assessed values and may also be associated with an increase in delinquency rates for property taxes. Section 2(b) of

Article XIII A of the California Constitution and Section 51 of the Revenue and Taxation Code, which follow from "Proposition 8," require the County assessor to annually enroll either a property's adjusted base year value (its "Proposition 13 Value") or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 Value on the assessor's roll, that lower value is referred to as its "Proposition 8 Value."

Although the annual increase for a Proposition 13 Value is limited to no more than 2%, the same restriction does not apply to a Proposition 8 Value. The Proposition 8 Value of a property is reviewed annually as of January 1; the current market value must be enrolled as long as the Proposition 8 Value falls below the Proposition 13 Value. Thus, any subsequent increase or decrease in market value is enrolled regardless of any percentage increase or decrease. Only when a current Proposition 8 Value exceeds its Proposition 13 Value attributable to a piece of property (adjusted for inflation), the County assessor reinstates the Proposition 13 Value.

Decreases in the aggregate value of taxable property within the District resulting from natural disaster or other calamity, reclassification by ownership or use, or as a result of the implementation of Proposition 8 all may have an adverse impact on the General Fund revenues available to make debt service payments on the Bonds.

Risks Related to Coronavirus

On February 11, 2020 the World Health Organization ("WHO") announced the official name for the outbreak of a new strain of coronavirus ("COVID-19"), an upper respiratory tract illness first identified in Wuhan, China. COVID-19 has since spread across the globe. The spread of COVID-19 is having significant negative health and financial impacts throughout the world, including in the District. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the Governor of the State and the President of the United States. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

To date there have been a number of confirmed cases of COVID-19 in San Diego County and health officials are expecting the number of confirmed cases to grow. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools throughout the United States. The United States is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the United States and globally have been volatile, with significant declines attributed to coronavirus concerns.

Several counties in southern California (including San Diego County) announced "Shelter in Place" emergency orders, which further direct individuals to stay home, except for certain limited travel for the conduct of essential services. Potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to the public health systems in and around the District, reductions in tourism and disruption of the regional and local economy and potential declines in property values.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak, and the economic and other impacts of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are developing and uncertain.

As of May, 2020, the District believes that the COVID-19 outbreak has not had a significant impact on its Fiscal Year 2019-20 finances. Specifically, property tax revenues, which comprised 78% of General Fund revenues in Fiscal Year 2018-19, and non-ambulance related charges for services, which comprised approximately 6% of General Fund revenues in Fiscal Year 2018-19, appear to be largely unaffected by the outbreak. The District has seen a slight decrease in revenues for charges for ambulance services, which comprised approximately 11% of General Fund revenues in Fiscal Year 2018-19, from what it had projected, but this decrease has been offset by moneys received under the CARES Act, and the District is starting to see evidence that the decrease in ambulance services was temporary and expects revenues for charges for ambulance services to return to projected levels going forward.

The ultimate impact of COVID-19 on the District's operations and finances in future fiscal years is unknown, although it is possible that certain of the District's revenues will be materially adversely affected. Importantly, future property values within the District may decline as a result of the pandemic, including from assessment appeals, which would result in a decrease in property tax revenues received by the District.

In response to the pandemic, the District has taken a variety of actions, including changing the delivery system on patient contact, increasing barriers to protect patients and staff. Requiring that firefighters dress down from units to station so they don't expose others, acquiring special devices to sterilize the ambulances, monitoring firefighters multiple times per day for fever or any signs/symptoms of infection, and requiring that most non-essential staff work remotely.

[TO BE UPDATED PRIOR TO POSTING AS WELL IF NECESSARY]

Split Roll Initiative

An initiative measure (the "Split Roll Initiative") to amend Article XIIIA has qualified for the State's November 2020 ballot. If adopted, the Split Roll Initiative would base property taxes for commercial and industrial properties on market values beginning in tax year 2020-21. Such market values would be reassessed by the applicable county assessor's office at least once every three years. The Split Roll Initiative includes exceptions for businesses with a total market value of less than $2 million (adjusted for inflation), which would continue to be subject to property taxes based on purchase price, and exempts from property tax assessments up to $500,000 of the value of personal property, or all personal property for businesses with fewer than 50 employees. There can be no assurance that the Split Roll Initiative will be adopted. Moreover, if the Split Roll Initiative is adopted, the District is unable to predict how it would affect the level of commercial building activity within the area of the District and the relationship of the assessed value between land use types (i.e. residential versus commercial) in the District, or what other impacts the Split Roll Initiative might have on the local economy or the District's financial condition.

Changes in Law

There can be no assurance that the electorate of the State will not at some future time adopt additional initiatives or that the State Legislature will not enact legislation that will amend the laws or the Constitution of the State resulting in a reduction of the general fund revenues of the District and consequently, having an adverse effect on the security for the Bonds.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIII A of the California Constitution

On June 6, 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data for the area under taxing jurisdiction, or reduced in the event of declining property value caused by substantial damage, destruction or other factors including a general economic downturn. Any reduction in assessed value is temporary and may be adjusted for any given year by the Assessor. The assessed value increases to its pre-reduction level (escalated to the annual inflation rate of no more than two percent) following the year(s) for which the reduction is applied. The amendment further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay (i) debt service on indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition; and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the school district or community college district, but only if certain accountability measures are included in the proposition.

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Legislation enacted by the State Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. The District is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other ad valorem property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIII B of the California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. In June 1990, the voters through their approval of Proposition III amended Article XIII B. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, special district, authority or other political subdivision of the State (e.g. local governments) to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to a governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced accordingly to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by or for the State, exclusive of certain State subventions for the use and operation of local government, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation of an entity of local government include any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity and refunds of taxes. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments.

Article XIII B includes a requirement pursuant to which fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be transferred and allocated, from a fund established for that purpose, pursuant to Article XVI of the State Constitution. In addition, fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years. Further, Article XIII B includes a requirement that all revenues received by an entity of government, other than the State, in a fiscal year and in the fiscal year immediately following it that exceed the amount which may be appropriated by that entity in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years.

As amended in June 1990, the appropriations limit for the District in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the District's option, either (i) the percentage change in California per capita personal income from the preceding fiscal year, or (ii) the percentage change in the local assessment roll from the preceding fiscal year for the jurisdiction due to the addition of local nonresidential new construction. Pursuant to the Revenue and Taxation Code, the State's Department of Finance annually transmits to each city and each county an estimate of the percentage change in the population of the city or the county.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The Board of Directors adopted the annual appropriation limit for the Fiscal Year 2019-20 of $137,139,558. The limitation applies only to proceeds of taxes (and investment earnings thereon) and therefore does not apply to service fees and charges, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs (or investment earnings on the foregoing). In Fiscal Year 2019-20, the funds subject to limitation total $30,136,045 (total general operating budget minus revenues excluding taxes, investment earnings thereon, and debt service).

Proposition 62

Proposition 62, which was adopted by the voters at the November 4, 1986 general election, (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the District be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Authority v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a county-wide sales tax of one-half of one percent was a special tax under Section 53722 of the Government Code, and was held invalid without the required two-thirds voter approval. The decision did not address the question of whether or not it should be applied retroactively.

Following the Guardino decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* In this case, the court held that a public agency's continued imposition and collection of a tax is an ongoing violation upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

The District believes that all taxes currently being collected by it comply with the requirements of Proposition 62.

Proposition 218

On November 5, 1996, the California voters approved Proposition 218, a constitutional initiative entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions limiting the ability of local governments, including the District, to impose and collect both existing and future taxes, assessments, fees and charges. The District is unable to predict terms pf Proposition 218 will be interpreted and applied by the courts in the future. Proposition 218 could substantially restrict the District's ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the District's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. Further, as described below, Proposition 218 provides for broad initiative powers to reduce or repeal local taxes, assessments, fees and charges. However, other than any impact resulting from the exercise of this initiative power, the District does not presently believe that the potential impact on the financial condition of the District as a result of the provisions of Proposition 218 will adversely affect the District's ability to pay principal of and interest on the Bonds and perform its other obligations as and when due.

Article XIII C requires that all new, extended, or increased local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the District require a majority vote of the electorate and taxes for specific purposes, even if deposited in the District's General Fund, require a two-thirds vote of the electorate. These voter approval requirements of Proposition 218 reduce the flexibility of the District to raise revenues through General Fund taxes, and no assurance can be given that the District will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements.

Article XIII C also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power is not limited by the terms of Proposition 218 to local taxes, assessments, fees or charges imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges.

The repeal of local taxes, assessments, fees or charges could be challenged as a violation of the prohibition against impairing contracts under the contract clause of the United States Constitution. Subsequent to the amendment of Article XIII C, the State Legislature approved SB 919 (the "Proposition 218 Omnibus Implementation Act"), which directed that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the District will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that are or will be deposited into the District's General Fund. Further, "fees" and "charges" are not defined in Article XIII C or Proposition 218 Omnibus Implementation Act, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as they do in Article XIII D, as described below. Accordingly, the scope of the initiative power under Article XIII C could include all sources of General Fund moneys not received from or imposed by the federal or State government or derived from investment income.

The initiative power granted under Article XIII C, by its terms, applies to all local taxes, assessments, fees and charges and is not limited to local taxes, assessments, fees and charges that are property related. The District is unable to predict whether the courts will interpret the initiative provision to be limited to property related fees and charges. No assurance can be given that the voters of the District will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the District's General Fund. The District believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges which may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the District, including its General Fund, would be materially adversely affected. As a result, there can be no assurances that the District would be able to pay the principal of and interest on the Bonds as and when due or any of its other obligations payable from the District General Fund.

Article XIII D added several requirements that generally made it more difficult for local agencies, such as the District, to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and the Proposition 218 Omnibus Implementation Act (as enacted in Government Code Section 53750) to mean any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. In most instances, in the event that the District is unable to collect assessment revenues relating to specific programs as a consequence of Proposition 218, the District will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the District anticipates that any impact Article XIII D may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the District to pay the principal of and interest on the Bonds, as and when due. However, no assurance can be given that the District may or will be able to reduce or eliminate such services to avoid new costs for the District General Fund in the event the assessments that presently finance them are reduced or repealed.

Article XIII D also adds several provisions affecting "fees" and "charges" which are defined as "any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency (subdivision (a) of Section 2 of Article XIII D defines an agency as any local government as defined in subdivision (b) of Section 1 of Article XIII C) upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new fees and charges and, after June 30, 1997, all existing property related fees and charges that are extended, imposed or increased must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The District must then hold a hearing upon the proposed imposition or increase of such property-related fee or charge, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the District may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the District, two-thirds voter approval by the electorate residing in the affected area. The annual amount of revenues that are received by the District and deposited into its General Fund which may be considered to be property related fees and charges under Article XIII D is not substantial. Accordingly, the District does not presently anticipate that any impact Article XIII D may have on future fees and charges will adversely affect the ability of the District to pay the principal of and interest on the Bonds as and when due. However, no assurance can be given that the District may or will be able to reduce or eliminate such services to avoid new costs for the District General Fund in the event the fees and charges that presently finance them are reduced or repealed.

The fees and charges of the District's enterprise funds, including those which are not property related for purposes of Article XIII D, may be determined to be fees and charges subject to the initiative power as provided in Article XIII C, as described above. In the event that fees and charges cannot be appropriately increased or are reduced pursuant to the exercise of the initiative power, the District may have to choose whether to reduce or eliminate the service financed by such fees or charges or finance such service from its General Fund. Further, no assurance can be given that the District may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formula generally based on the distribution of taxes in the prior year.

Proposition 22

Proposition 22 ("Proposition 22"), which was approved by California voters in April 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. Due to the prohibition with respect to State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See "—Proposition 1A" herein. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The State's Legislative Analyst's Office (LAO) states that Proposition 22 will prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009. The LAO anticipates that Proposition 22 will require the State to adopt alternative actions to address its fiscal and policy objectives, particularly with respect to short-term cash flow need.

Proposition 1A

As part of former Governor Schwarzenegger's agreement with local jurisdictions, Senate Constitutional Amendment No. 4 was enacted by the Legislature and subsequently approved by the voters as Proposition 1A ("Proposition 1A") at the November 2004 election. Proposition 1A amended the State Constitution to, among other things, reduce the Legislature's authority over local government revenue sources by placing restrictions on the State's access to local governments' property, sales, and vehicle license fee revenues as of November 3, 2004. Beginning with Fiscal Year 2008-09, the State may borrow up to 8 percent of local property tax revenues, but only if the Governor proclaims such action is necessary due to a severe State fiscal hardship and two–thirds of both houses of the Legislature approves the borrowing. The amount borrowed is required to be paid back within three years. The State also will not be able to borrow from local property tax revenues for more than 2 fiscal years within a period of 10 fiscal years. In addition, the State cannot reduce the local sales tax rate or restrict the authority of local governments to impose or change the distribution of the statewide local sales tax.

The 2009-10 State budget included a Proposition 1A diversion of $1.935 billion in local property tax revenues from cities, counties, and special districts to the State to offset State general fund spending. Such diverted revenues must be repaid, with interest, no later than June 30, 2013. The amount of the Proposition 1A diversion from the District was $833,681. The District participated in a State-sponsored program financing the Proposition 1A diversion and, accordingly, received its full share of property tax revenues.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The District does not believe that Proposition 26 will adversely affect its General Fund revenues.

Future Initiatives

Articles XIIIA, XIIIB, XIIIC and XIIID and Propositions 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. The limitations imposed upon the District by these provisions hinder the District's ability to raise revenues through taxes or otherwise and may therefore prevent the District from meeting increased expenditure requirements. From time to time, other initiative measures could be adopted, some of which may place further limitations on the ability of the State, the District or local districts to increase revenues or to spend money or which could have other financially adverse effects such as requiring the District to undertake new responsibilities. Such other initiatives could have a material adverse effect on the District's financial condition.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulation, rulings and judicial decisions, interest due with respect to the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code (the "Code") but is exempt from State of California personal income tax.

The federal tax and State of California personal income tax discussion set forth above with respect to the Bonds is included for general information only and may not be applicable depending upon a Beneficial Owner's particular situation. The ownership and disposal of the Bonds and the accrual or receipt of interest with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. **BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE BONDS AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.**

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Certain additional matters will be passed upon by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel to the District. Certain legal matters will be passed upon for the District by its counsel, for the Underwriter by Nixon Peabody LLP, Los Angeles, California and for the Trustee by its counsel. Bond Counsel has not undertaken any responsibility to the owners of the Bonds for the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds, and expresses no opinion relating thereto.

LITIGATION

To the best knowledge of the District there is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the execution and delivery or the issuance of the Bonds, or the execution and delivery of the Trust Agreement, or in any way contesting or affecting the validity of any of the foregoing or any proceedings of the District taken with respect to any of the foregoing.

RATINGS

S&P Global Ratings, a Standard & Poor's Financial Services LLC Business ("S&P") has assigned the rating of "____" to the Bonds. An explanation of the significance and status of such rating may be obtained from S&P. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by any of S&P, if in its judgment, circumstances so warrant. A revision or withdrawal of any rating for the Bonds could have an effect on the market prices and marketability of the Bonds. The District cannot predict the timing or impact of future actions by S&P.

FINANCIAL STATEMENTS OF THE DISTRICT

Included herein as Appendix A are the audited financial statements of the District as of and for the year ended June 30, 2019, together with the report thereon dated March 11, 2020 of Nigro & Nigro, PC, Murrieta, California (the "Auditor"). The Auditor has not undertaken to update the audited financial statements of the District or its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated March 11, 2020.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Certificate (the "Disclosure Certificate"), the District has agreed to provide, or cause to be provided, certain annual financial and operating data, including its audited financial statements and certain of the information found in this Official Statement by no later than April 1 of each year commencing April 1, 2021, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access platform (EMMA). Additionally pursuant to the Disclosure Certificate, the District has agreed to provide, or cause to be provided, notice of certain enumerated events in a timely manner not in excess of ten (10) business days from the occurrence of the event. For a detailed description of the District's responsibilities under the Disclosure Certificate see APPENDIX E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE."

[The District has not previously entered into a prior continuing disclosure undertaking.]

UNDERWRITING

The Bonds are being purchased by Brandis Tallman LLC, as Underwriter. The Underwriter has agreed to purchase the Bonds at a purchase price of $__________ (representing the principal amount of the Bonds less an underwriting discount of $__________). The Bond Purchase Agreement with respect to the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased. The obligation of the Underwriter to accept delivery of the Bonds is subject to certain conditions contained in such Bond Purchase Agreement.

The Bonds are offered for sale at the initial prices stated on the inside cover page of this Official Statement, which may be changed from time to time by the Underwriter. The Bonds may be offered and sold to certain dealers at prices lower than the public offering prices.

MUNICIPAL ADVISOR

The District has retained NHA Advisors, LLC, San Rafael, California, as Municipal Advisor for the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

MISCELLANEOUS

The foregoing and subsequent summaries or descriptions of provisions of the Bonds and the Trust Agreement and all references to other materials not purporting to be quoted in full, are only brief outlines of some of the provisions thereof. Reference is made to said documents for full and complete statements of the provisions of such documents. The appendices attached hereto are a part of this Official Statement. Copies of the Trust Agreement, in reasonable quantity, may be obtained during the offering period from the Underwriter and thereafter upon request to the principal corporate trust office of the Trustee. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement has been duly authorized by the District. This Official Statement is not to be construed as a contract or an agreement between the District and the purchasers or owners of any of the Bonds.

NORTH COUNTY FIRE PROTECTION DISTRICT

By:____________________________________
Fire Chief/CEO

APPENDIX A

THE NORTH COUNTY FIRE PROTECTION DISTRICT AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE FALLBROOK AREA AND THE COUNTY OF SAN DIEGO

This appendix sets forth general economic and demographic information in and about the census designated place known as Fallbrook ("Fallbrook") including information with respect to its finances. The following information concerning Fallbrook, County of San Diego (the "County") and the State of California (the "State") is included only for general background purposes and neither the District nor the Underwriter guarantees the accuracy or completeness of this information and has not independently verified such information. It is not intended to suggest that the Bonds are payable from any source identified in this Appendix.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak, and the economic and other impacts of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact, are developing and uncertain. The information set forth in this Appendix B predates the outbreak of the COVID-19 pandemic and should not be relied upon as representative of the current demographics within the District.

Population

The following chart shows the population for the County and the State from 2015 through 2019.

POPULATION
For Years 2014 through 2018

Year (January 1)	*County of San Diego*	*State of California*
2015	3,267,992	38,952,462
2016	3,287,279	39,214,803
2017	3,309,626	39,504,609
2018	3,333,128	39,740,508
2019	3,351,786	39,927,315

Source: State of California. Department of Finance. E-4 Population Estimates for Cities. Counties and the State. 2011-2019. with 2000 Benchmark. Sacramento. California. May 2019.

Personal Income

Personal income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in the County increased by 54% between 2007 and 2018. The following table summarizes personal income for the County for 2007 through 2018.

PERSONAL INCOME
San Diego County
2007-2018
(Dollars in Thousands)

Year	*San Diego County*	*Annual Percent Change*
2007	$133,272,764	N/A
2008	136,390,559	2.3%
2009	131,877,187	(2.3)
2010	136,969,778	3.9
2011	145,975,037	6.6
2012	153,367,801	5.1
2013	159,145,662	3.8
2014	169,747,904	6.7
2015	179,970,974	6.0
2016	186,440,274	3.6
2017	193,199,828	3.6
2018	205,236,393	6.2

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following table summarizes per capita personal income for the County, California and the United States for 2007-2018. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
San Diego County, State of California and the United States
2006-2017

Year	*San Diego County*	*California*	*United States*
2007	$44,786	$43,629	$39,844
2008	45,131	43,890	40,904
2009	43,080	42,044	39,284
2010	44,137	43,636	40,547
2011	46,528	46,175	42,739
2012	48,302	48,813	44,605
2013	49,559	49,303	44,860
2014	52,214	52,363	47,071
2015	54,801	55,808	48,994
2016	56,322	57,801	49,890
2017	58,097	60,219	51,910
2018	61,386	63,711	54,526

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures over the past five years for Fallbrook, the County, the State of California and the nation as a whole.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Yearly Average for Years 2015 through 2019

Year and Area	*Labor Force*	*Employment*[(1)]	*Unemployment*[(2)]	*Unemployment Rate (%)*[(3)]
2015				
Fallbrook	13,900	13,200	700	4.8%
San Diego County	1,548,600	1,468,100	80,500	5.2
State of California	18,828,800	17,660,700	1,168,100	6.2
United States[(4)]	157,130,000	148,834,000	8,296,000	5.3
2016				
Fallbrook	14,000	13,400	600	4.4%
San Diego County	1,563,000	1,489,100	73,900	4.7
State of California	19,021,200	17,980,100	1,041,100	5.5
United States[(4)]	159,187,000	151,436,000	7,751,000	4.9
2017				
Fallbrook	14,100	13,600	500	3.7%
San Diego County	1,572,800	1,509,600	63,200	4.0
State of California	19,176,400	18,257,100	919,300	4.8
United States[(4)]	160,320,000	153,337,000	6,982,000	4.4
2018				
Fallbrook	14,200	13,800	400	3.1%
San Diego County	1,581,500	1,528,100	53,500	3.4
State of California	19,280,800	18,460,700	820,100	4.3
United States[(4)]	162,075,000	155,761,000	6,314,000	3.9
2019				
Fallbrook	14,300	13,900	400	3.0%
San Diego County	1,590,600	1,539,900	50,700	3.2
State of California	19,411,600	18,627,400	784,200	4.0
United States[(4)]	163,539,000	157,538,000	6,001,000	3.7

(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) The unemployment rate is computed from unrounded data: therefore. it may differ from rates computed from rounded figures in this table.
(4) Not strictly comparable with data for prior years.
Note: Data is not seasonally adjusted.
Source: California Employment Development Department. based on March 2019 benchmark and U.S. Department of Labor. Bureau of Labor Statistics.

The table below summarizes employment by industry in San Diego Carlsbad MSA from 2015 to 2019. Service Providing, Professional and Business Services and Government are the largest employment sectors in San Diego Carlsbad MSA.

SAN DIEGO CARLSBAD MSA
(SAN DIEGO COUNTY)
Annual Average Industry Employment 2015-2019

	2015	*2016*	*2017*	*2018*	*2019*
Total Farm	9,100	8,900	8,700	9,300	9,600
Total Nonfarm	1,384,800	1,422,600	1,452,200	1,482,200	1,503,900
Total Private	1,147,700	1,180,300	1,205,900	1,234,100	1,254,200
Goods Producing	176,800	185,000	189,200	196,400	199,500
Natural Resources and Mining	300	300	300	400	400
Construction	69,900	76,300	79,800	84,000	84,400
Manufacturing	106,600	108,400	109,400	112,300	115,100
Service Providing	1,208,000	1,237,600	1,263,000	1,285,800	1,304,400
Trade, Transportation and Utilities	219,300	220,900	224,700	225,100	224,000
Wholesale Trade	44,100	43,700	43,800	43,800	44,200
Retail Trade	146,800	147,500	149,000	148,000	145,400
Transportation, Warehousing and Utilities	28,400	29,700	32,000	33,300	34,400
Information	23,400	23,200	23,400	28,400	29,800
Financial Activities	71,400	73,000	74,600	76,000	76,400
Professional and Business Services	229,500	234,700	239,000	248,900	256,600
Educational and Health Services	192,700	198,700	204,300	208,900	216,000
Leisure and Hospitality	182,400	190,400	195,600	199,600	202,400
Other Services	53,200	54,400	55,000	55,500	55,800
Government	236,200	242,200	246,300	248,100	249,600
Total, All Industries	1,393,900	1,431,500	1,460,900	1,491,400	1,513,500

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, San Diego-Carlsbad MSA Annual Average Labor Force and Industry Employment, March 2019 Benchmark.

Industry

The following tables show the largest employers located in the County as of Fiscal Year 2018:

COUNTY OF SAN DIEGO
PRINCIPAL EMPLOYERS
As of June 30, 2018

Rank	*Name of Company*	*Number of Employees*	*Percentage of Total City Employment*
1.	University of California, San Diego	34,448	2.26%
2.	Naval Base San Diego	34,185	2.24
3.	Sharp Health Care	18,364	1.20
4.	County of San Diego	17,413	1.14
5.	Scripps Health	14,941	0.98
6.	San Diego Unified School District	13,815	0.91
7.	Qualcomm Inc.	11,800	0.77
8.	City of San Diego	11,462	0.75
9.	Kaiser Permanente	9,606	0.63
10.	UC San Diego Health	8,932	0.59

(1) Data for Fiscal Year 2019 not yet available as of publication date. Data shown is for the most recently available information.
Source: County of San Diego Comprehensive Annual Financial Report for the year ending June 30. 2019.

Commercial Activity

The following table summarizes the annual volume of taxable transactions within the County for the years 2014 through 2018.

ANNUAL TAXABLE SALES
2014 through 2018
San Diego County
(Dollars in Thousands)

Year	*Retail Permits*	*Retail Stores Taxable Transactions*	*Total Permits*	*Total Taxable Transactions*
2014	59,705	$37,257,495	86,671	$52,711,639
2015	58,740	38,521,521	95,480	54,717,543
2016	58,391	39,089,506	95,326	55,921,010
2017	59,798	40,371,714	97,412	57,551,359
2018	59,836	41,886,824	100,674	59,041,041

Note: Beginning in 2015. the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

APPENDIX D

FORM OF BOND COUNSEL OPINION

[Date of Delivery]

Board of Directors
North County Fire Protection District
Fallbrook, California

Re: *$__________ North County Fire Protection District 2020 Taxable Pension Obligation Bonds*

Ladies and Gentlemen:

We have examined certified copies of proceedings of the North County Fire Protection District (the "District") relative to the issuance and sale by the District of its 2020 Taxable Pension Obligation Bonds, in the aggregate principal amount of $__________ (the "Bonds"), and such other information and documents as we consider necessary to render this opinion.

The Bonds have been issued pursuant to the authority contained in Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, and the Trust Agreement, dated as of ________ 1, 2020 (the "Trust Agreement"), by and between the District and U.S. Bank National Association, as trustee (the "Trustee"). The Bonds have been issued for the purpose of refunding the District's obligations to the Public Employees Retirement System ("PERS') evidenced by the contract between the Board of Administration of CalPERS and the Board of Directors of the District, effective July 1, 1948, as such contract has been amended from time-to-time (as amended, the "CalPERS Contract") to pay unamortized, unfunded accrued liability with respect to pension benefits under the Public Employee's Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "Retirement Law"). In such connection, we have reviewed the Trust Agreement, certificates of the District, the Trustee, and others, opinions of counsel to the District and counsel to the Trustee, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the District, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions, and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as to the Bonds terminates as of the date of issuance of the Bonds.

The Bonds are dated the date hereof, and mature on the dates and bear interest at the rates per annum set forth in the Trust Agreement. The Bonds are registered bonds in the forms set forth in the Trust Agreement, redeemable in the amounts, at the times and in the manner provided for in the Trust Agreement. All terms not defined herein have the meanings ascribed to those terms in the Trust Agreement.

Based upon our examination of all of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

1. The Trust Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Trustee, constitutes the valid and binding obligation of the District enforceable in accordance with its terms.

2. The Bonds have been duly authorized and issued by the District and are valid and binding obligations of the District enforceable in accordance with their terms. The Bonds do not constitute a debt of the District, the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and do not constitute an obligation for which the District, the State of California or any political subdivision thereof is obligated to levy or pledge any form of taxation or for which the District, the State of California or any political subdivision thereof has levied or pledged any form of taxation.

3. Upon issuance and authentication of the Bonds in accordance with the Trust Agreement, the Bonds will be entitled to the benefits of the Trust Agreement.

4. Interest on the Bonds is exempt from California personal income tax.

The opinions expressed in paragraphs (1) and (2) above are limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws affecting the enforcement of creditors rights generally, by equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the Trust Agreement.

Except as expressly set forth in paragraph (4) above, we express no opinion regarding any tax consequences with respect to the Bonds.

We are admitted to the practice of law only in the State of California and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the North County Fire Protection District (the "District") in connection with the execution and delivery of the above-referenced bonds (the "Bonds"). The Bonds are being issued pursuant to a Trust Agreement dated as of _______ 1, 2020 (the "Trust Agreement"), by and between the District and U.S. Bank National Association as trustee.

The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means April 1 of each year.

"*Dissemination Agent*" means, initially, NHA Advisors, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Brandis Tallman LLC, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2021 with the report for the 2019-20 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15

Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate. The audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the audited financial statements filed pursuant to the preceding subsection (a) by the date required by Section 3 hereof, updates of:

(i) Table 2 in the Official Statement (provided, however, that only the columns showing the adopted budget and the audited actuals for the fiscal year prior to the year in which the Annual Report is filed is required to be updated); and

(ii) Tables 3, 4, 5, 7 and 9 in the Official Statement (provided that only the information for the most recent year for which such information is available is required to be provided).

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

(e) Financial information relating to the District referenced in Section 4(b) may be updated from time to time, and such updates may involve displaying data in a different format or table or eliminating data that is no longer available.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

(7) Modifications to rights of Bond holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving the obligated person, or the sale of all or substantially all of the assets of the obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect Bond holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or an obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of a Listed Event described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Trust Agreement.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of the events identified in paragraphs (a)(15) and (a)(16) above, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be NHA Advisors, LLC. Any Dissemination Agent may resign by providing 30 days' written notice to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bond holders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Dated: ______ __, 2020

NORTH COUNTY FIRE PROTECTION DISTRICT

By: ________________________________
Fire Chief/CEO

AGREED AND ACCEPTED:

NHA ADVISORS, LLC
as Dissemination Agent

By: ________________________________
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	North County Fire Protection District
Name of Issue:	North County Fire Protection District 2020 Taxable Pension Obligation Bonds
Date of Issuance:	_______ __, 2020

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Trust Agreement of Trust, dated as of _______ 1, 2020, by and between the District and U.S. Bank National Association, as trustee. The District anticipates that the Annual Report will be filed by _______________.

Dated: __________

DISSEMINATION AGENT:

[___________________________]

By: ____

Its: ____

APPENDIX F

BOOK-ENTRY SYSTEM

The information in this Appendix F has been provided by DTC for use in securities offering documents, and neither the District nor the Underwriter takes any responsibility for the accuracy or completeness thereof. The District cannot give or does give any assurances that DTC, DTC Direct Participants or DTC Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each issue of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated herein.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial

Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Neither the District nor the Trustee will have any responsibility or obligation to such Direct Participants and Indirect Participants or the persons for whom they act as nominees with respect to the Bonds. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Trust Agreement. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the District or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). If the District determines not to continue the DTC book-entry only

system, or DTC discontinues providing its services with respect to the Bonds and the District does not select another qualified securities depository, the District will deliver physical Bond certificates to the Beneficial Owners. The Bonds may thereafter be transferred upon the books of the Trustee by the registered owners, in person or by authorized attorney, upon surrender of Bonds at the Office of the Trustee in Los Angeles, California, accompanied by delivery of an executed instrument of transfer in a form approved by the Trustee and upon payment of any charges provided for in the Trust Agreement. Certificated Bonds may be exchanged for Bonds of other authorized denominations of the same aggregate principal amount and maturity at the Office of the Trustee in Los Angeles, California, upon payment of any charges provided for in the Trust Agreement. No transfer or exchange of Bonds will be made by the Trustee during the period between the record date and the next Interest Payment Date.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS TO ONLY DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

11. The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest and other payments with respect to the Bonds to Direct Participants, Indirect Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Bonds and other related transactions by and between DTC, the Direct Participants, the Indirect Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the Direct Participants, the Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the Participants, as the case may be.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS" HEREIN) SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

NORTH COUNTY FIRE PROTECTION DISTRICT

ADMINISTRATIVE SERVICES

TO: BOARD OF DIRECTORS

FROM: CHIEF ABBOTT AND DEPUTY CHIEF MAROVICH

DATE: MAY 26, 2020

SUBJECT: 2020 CALPERS UAL RESTRUCTURING – APPROVAL OF TRUST AGREEMENT, BOND PURCHASE AGREEMENT, PRELIMINARY OFFICIAL STATEMENT FOR ISSUANCE OF PENSION OBLIGATION BONDS; APPROVAL OF DEBT MANAGEMENT POLICY AND CONTINUING DISCLOSURE POLICY

ATTACHMENTS – Exhibit D – Bond Purchase Agreement

$________
NORTH COUNTY FIRE PROTECTION DISTRICT
TAXABLE PENSION OBLIGATION BONDS, SERIES 2020

BOND PURCHASE AGREEMENT

___________, 2020

North County Fire Protection District
330 South Main Avenue
Fallbrook, California 92028

Ladies and Gentlemen:

The undersigned Brandis Tallman, LLC (the "**Underwriter**") offers to enter into this Bond Purchase Agreement (this "**Purchase Agreement**") with the North County Fire Protection District (the "**District**"), which, upon the acceptance by the District, will be binding upon the District and the Underwriter. This offer is made subject to acceptance by the District by the execution of this Purchase Agreement and delivery of the same to the Underwriter prior to 11:59 P.M., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the District at any time prior to the acceptance hereof by the District. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Trust Agreement (defined herein).

Section 1. Purchase and Sale. Upon the terms and conditions and on the basis of the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the District, and the District hereby agrees to issue, sell and deliver to the Underwriter all (but not less than all) of the District of North County Fire Protection District Taxable Pension Obligation Bonds, Series 2020 (the "**Bonds**") in the aggregate principal amount of $________. The Bonds shall be dated as of their date of delivery. Interest on the Bonds shall be payable semiannually on June 1 and December 1 in each year, commencing December 1, 2020 (each an "**Interest Payment Date**") and will bear interest at the rates and on the dates as set forth in Exhibit A hereto. The purchase price for the Bonds shall be $________ (which represents the principal amount of the Bonds in the amount of $________, less an Underwriter's discount of $________.

The Underwriter agrees to make a bona fide public offering of the Bonds at the initial offering yields set forth in the Official Statement (defined herein); however, the Underwriter reserves the right to make concessions to dealers and to change such initial offering yields as the Underwriter shall deem necessary in connection with the marketing of the Bonds. The Underwriter agrees that, in connection with the public offering and initial delivery of the Bonds to the purchasers thereof from the Underwriter, the Underwriter will deliver or cause to be delivered to each purchaser a copy of the final Official Statement prepared in connection with the Bonds, for the time period required under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**"). Terms defined in the Preliminary Official Statement, and to be set forth in the final Official Statement are used herein as so defined.

The District acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the District and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as a municipal advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), financial advisor or fiduciary; (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the District with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters); (iv) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (v) the District has consulted its own financial and/or municipal, legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

Section 2. The Bonds. The Bonds are being issued pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "**Refunding Law**") and the Trust Agreement, dated as of ________ 1, 2020 (the "**Trust Agreement**"), between the District and ________________________________, as trustee (together with any successor as trustee under the Trust Agreement, the "**Trustee**"). The Bonds shall be obligations of the District payable from any lawfully available funds, shall not be limited as to payment to any special source of funds of the District and the payment thereof shall not be subject to appropriation. The Bonds do not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The Bonds otherwise shall be as described in the Preliminary Official Statement and the Official Statement, the Refunding Law and the Legal Documents. The Underwriter's agreement to purchase the Bonds from the District is made in reliance upon the District's representations, covenants and warranties and on the terms and conditions set forth in this Purchase Agreement.

The District is obligated by the Public Employees' Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "**Retirement Law**"), and the contract between the Board of Administration of the California Public Employees' Retirement System ("**PERS**"), established under Government Code sections 20000 through 21500 of (the "**Retirement Law**"), and the Board of Directors of the District (the "**Board of Directors**"), effective July 1, 1948 (as amended, the "**PERS Contract**"), to make contributions to PERS to (a) fund pension benefits for its employees who are members of PERS, (b) amortize the unfunded actuarial liability with respect to such pension benefits, and (c) appropriate funds for the purposes described in (a) and (b). The District participates in two retirement plans (with tiers within such plans) under the PERS Contract.

The proceeds of the Bonds will be used to: (i) refund the District's obligations to PERS evidenced by the two retirement plans in which the District participates pursuant to the PERS Contract and representing the current unfunded accrued liability (the "**Unfunded Liability**") with respect to certain pension benefits under the Retirement Law, and (ii) pay certain costs associated with the issuance and delivery of the Bonds.

Section 3. Public Offering. The Underwriter agrees to make an initial public offering of all the Bonds at the public offering prices (or yields) set forth on Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

Section 4. **The Official Statement.** By its acceptance of this Purchase Agreement, the District ratifies, confirms and approves of the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement relating to the Bonds, dated _________, 2020 (including the cover page, all appendices and all information incorporated therein and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "**Preliminary Official Statement**") that the District has deemed "final" as of its date, for purposes of Rule 15c2-12 except for certain omissions permitted to be omitted therefrom by Rule 15c2-12. The District hereby agrees to deliver or cause to be delivered to the Underwriter, within seven (7) business days of the date hereof, copies of the final official statement, dated the date hereof, relating to the Bonds (including all information previously permitted to have been omitted by Rule 15c2-12, the cover page, all appendices, all information incorporated therein and any amendments or supplements as have been approved by the District and the Underwriter (the "**Official Statement**")) in such quantity as the Underwriter shall reasonably request to comply with Rule 15c2-12(b)(4) and the rules of the Municipal Securities Rulemaking Board (the "**MSRB**"). To the extent required by applicable MSRB Rules, the District hereby confirms that it does not object to distribution of the Official Statement in electronic form.

Section 5. **Closing.** At 8:00 a.m., California time, on _________, 2020, or at such other time or date as the District and the Underwriter mutually agree upon, the District shall deliver or cause to be delivered to the Trustee, and the Trustee shall deliver or cause to be delivered through the facilities of The Depository Trust Company, New York, New York ("**DTC**"), the Bonds in definitive form, duly executed and authenticated. Concurrently with the delivery of the Bonds, the District shall deliver the documents hereinafter mentioned at the offices of Stradling Yocca Carlson & Rauth, Newport Beach, California ("**Bond Counsel**") or another place to be mutually agreed upon by the District and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds. This payment for and delivery of the Bonds, together with the delivery of the aforementioned documents referenced herein, is called the "**Closing**."

The Bonds shall be registered in the name of Cede & Co., as nominee of DTC in denominations of $5,000 and any integral multiple thereof as provided in the Trust Agreement, and shall be made available to the Underwriter at least one (1) business day before the Closing for purposes of inspection and packaging. The District acknowledges that the services of DTC will be used initially by the Underwriter to permit the issuance of the Bonds in book-entry form, and agrees to cooperate fully with the Underwriter in employing such services.

Section 6. **Representations, Warranties and Covenants of the District.** The District represents, warrants and covenants to the Underwriter as follows.

(a) The District is a fire protection district of the State of California (the "**State**"), duly organized and validly existing pursuant to the Constitution and laws of the State.

(b) The District had full legal right, power and authority to adopt the Resolution, and the District has, and at the Closing Date will have, full legal right, power and authority (i) to execute and deliver the Trust Agreement, the Continuing Disclosure Certificate relating to the Bonds (the "**Continuing Disclosure Certificate**") and this Purchase Agreement (collectively, the "**Legal Documents**"), to perform its obligations under the Legal Documents, and has by official action duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in the Legal Documents, (ii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out, give effect to and consummate the transactions contemplated by the Legal Documents and the Resolution.

(c) The Board of Directors has duly and validly adopted the Resolution at a meeting of the Board of Directors duly noticed and at which a quorum was present, and the Resolution has not been modified or amended and is in full force and effect, and has duly approved the execution and delivery of the Bonds and the other Legal Documents, and the performance by the District of its obligations contained therein, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by each of said documents.

(d) The Bonds and the other Legal Documents have been, on or before the Closing Date will be, duly executed and delivered by the District, and, on the Closing Date, the Bonds, when authenticated and delivered to the Underwriter in accordance with the Trust Agreement, and the other Legal Documents will constitute legally valid and binding obligations, enforceable against the District in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or limiting creditors' rights generally.

(e) The District is, and at the Closing Date will be, in compliance, in all respects, with the Legal Documents.

(f) The District is not in breach of or default under any applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, in each case which breach or default has or may have a material adverse effect on the ability of the District to perform its obligations under the Legal Documents.

(g) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the District that has not been obtained is or will be required for the issuance and delivery of the Bonds or the consummation by the District of the other transactions contemplated by the Trust Agreement.

(h) The adoption of the Resolution and the execution and delivery by the District of the Legal Documents and the approval by the District of the Official Statement and compliance with the provisions on the District's part contained in the Legal Documents, will not conflict with, or result in a violation or breach of, or constitute a default under, any law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject to, which conflict, breach or default has or may have a material adverse effect on the ability of the District to carry out its obligations under the Legal Documents, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument, except as provided by the Legal Documents.

(i) Prior to the date hereof, the District has provided to the Underwriter for its review the Preliminary Official Statement, that the District has deemed final for purposes of Rule 15c2-12, has approved the distribution of the Preliminary Official Statement and the Official Statement, and has duly authorized the execution and delivery of the Official Statement (including in electronic form). The Preliminary Official Statement, at the date thereof, and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein (other than the information relating to DTC and its book-entry system, as to which no view is expressed), in light of the circumstances under which they were made, not misleading. As of the date hereof and on the Closing, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein (other than the information relating to DTC and its book-entry system, as to which no view is expressed), in light of the circumstances under which they were made, not misleading.

(j) By official action of the District prior to or concurrently with the acceptance hereof, the District has duly approved the distribution of the Preliminary Official Statement and the distribution of the Official Statement (including in electronic form), and has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained, in the Legal Documents.

(k) The District will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The District will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental authority prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(l) The financial statements relating to the receipts, expenditures and cash balances of the District as of June 30, 2019 as set forth in the Preliminary Official Statement and in the Official Statement fairly represent the financial position and results of operations of the District as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles. Except as disclosed in the Preliminary Official Statement, the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial position and results of operations of the District or in its operations since June 30, 2019 and, except as disclosed in the Preliminary Official Statement, the Official Statement or otherwise disclosed in writing to the Underwriter, there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(m) As of the time of acceptance hereof and as of the date of Closing, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to the knowledge of the District, threatened (i) in any way questioning the corporate existence of the District or the titles of the officers of the District to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Bonds, or in any way contesting or affecting the validity of the Bonds or the Legal Documents or the consummation of the transactions contemplated thereby or contesting the power of the District to enter into the Legal Documents; (iii) which may result in any material adverse change to the financial condition of the District or to its ability to make payment of principal or redemption price of and interest on the Bonds when due; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clause (i) through (iv) of this sentence.

(n) To the extent required by law, the District will undertake, pursuant to the Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. Except as otherwise disclosed in the Preliminary Official Statement, the District has not failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 to provide annual reports or notices of enumerated events in the past five years and, the District has been in material compliance during the past five years with its continuing disclosure obligations in accordance with Rule 15c2-12.

(o) Any certificate signed by any officer of the District authorized to execute such certificate in connection with the issuance, sale and delivery of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the District to the Underwriter as to the statements made therein but not of the person signing such certificate.

(p) The District will promptly apply the proceeds of the Bonds to refund the Unfunded Liability as of the date of issuance of the Bonds and to pay costs associated with the issuance and delivery of the Bonds.

(q) During the period from the date hereof until the Closing Date, the District agrees to furnish the Underwriter with copies of any documents it files with any regulatory authority which are reasonably requested by the Underwriter.

(r) The District is not in material default, nor has the District been in material default at any time, as to the payment of principal or interest with respect to a material obligation issued by the District or with respect to a material obligation guaranteed by the District as guarantor.

(s) As of the date hereof, the District does not have any revenue bonds, capital lease obligations, installment payment obligations or other material financial obligation, nor other material obligations secured by payments from the general fund of the District, except as disclosed in the Preliminary Official Statement and the Official Statement.

(t) The District had, prior to the adoption of the Resolution, and has, in full force and effect, a Debt Management Policy that complies with Government Code Section 8855(i).

Section 7. Conditions to the Obligations of the Underwriter. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the District contained herein. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the date of the Closing shall be subject, at the option of the Underwriter, to the accuracy in all respects of the statements of the officers and other officials of the District, as well as authorized representatives of the District Attorney, Bond Counsel, Disclosure Counsel and the Trustee made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the District of its obligations to be performed hereunder at or prior to the date of the Closing, and to the following additional conditions:

(a) The representations, warranties and covenants of the District contained herein shall be true, complete and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing;

(b) At the time of Closing, the Legal Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto, and the Legal Documents and the Preliminary Official Statement and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and all such reasonable actions as, in the opinion of Bond Counsel, shall reasonably deem necessary in connection with the transactions contemplated hereby;

(c) At the time of the Closing, no default shall have occurred or be existing under the Legal Documents, or any other agreement or document pursuant to which any of the District's financial obligations were executed and delivered, and the District shall not be in default in the payment of principal or interest with respect to any of its financial obligations, which default would result in any material adverse change to the financial condition of the District or adversely impact its ability to make payment of principal or redemption price of and interest on the Bonds when due;

(d) In recognition of the desire of the District and the Underwriter to effect a successful public offering of the Bonds, and in view of the potential adverse impact of any of the following events on such a public offering, this Purchase Agreement shall be subject to termination in the absolute discretion of the Underwriter by notification, in writing, to the District prior to delivery of and payment for the Bonds, if at any time prior to such time, regardless of whether any of the following statements of fact were in existence or known of on the date of this Purchase Agreement:

(i) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of America of a national emergency or war or other calamity or crisis the effect of which on financial markets is materially adverse such as to make it, in the sole judgment of the Underwriter, impractical to proceed with the purchase or delivery of the Bonds as contemplated by the Official Statement (exclusive of any amendment or supplement thereto); or

(ii) a general banking moratorium shall have been declared by federal, State or New York authorities, or the general suspension of trading on any national securities exchange; or

(iii) any event shall occur which makes untrue any statement or results in an omission to state a material fact necessary to make the statements in the Preliminary Official Statement and the Official Statement, in the light of the circumstances under which they were made, not misleading, which event, in the reasonable opinion of the Underwriter would materially or adversely affect the ability of the Underwriter to market the Bonds; or

(iv) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State shall be rendered which materially adversely affects the market price of the Bonds; or

(v) the marketability of the Bonds or the market price thereof, in the reasonable opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States of America or by any legislation in or by the Congress of the United States of America or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States of America, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States of America, the Treasury Department of the United States of America, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States of America, or the favorable reporting for passage of legislation to either House of the Congress of the United States of America by a Committee of such House to which such legislation has been referred for consideration; or

(vi) an order, decree or injunction shall have been issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that: (i) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Trust Agreement is not exempt from qualification under the Trust Indenture Act of 1939; or (ii) the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement and the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(vii) legislation shall be introduced, by amendment or otherwise, or be enacted by the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, or a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Preliminary Official Statement and the Official Statement, is or would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect, or with the purpose or effect of otherwise prohibiting the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds, as contemplated hereby or by the Preliminary Official Statement and the Official Statement; or

(viii) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(ix) the New York Stock Exchange, or other national securities exchange or association or any governmental authority, shall impose as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by or the charge to the net capital requirements of broker dealers; or

(x) trading in securities on the New York Stock Exchange or the American Stock Exchange shall have been suspended or limited or minimum prices have been established on either such exchange which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(xi) any rating of the Bonds or the rating of any general fund obligations of the District shall have been downgraded or withdrawn by a national rating service, which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(xii) any action shall have been taken by any government in respect of its monetary affairs which, in the reasonable opinion of the Underwriter, has a material adverse effect on the United States securities market, rendering the marketing and sale of the Bonds, or enforcement of sale contracts with respect thereto impracticable; or

(xiii) the commencement of any action, suit or proceeding described in Section 6(m).

(e) at or prior to the Closing, the Underwriter shall receive or have received the following documents, in each case to the reasonable satisfaction, in form and substance, of the Underwriter and Nixon Peabody LLP, Los Angeles, California ("**Underwriter's Counsel**"):

(i) all resolutions relating to the Bonds adopted by the District and certified by an authorized official of the District, authorizing the execution and delivery of the Legal Documents and the delivery of the Bonds and the Official Statement;

(ii) the Legal Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter; and

(iii) the approving opinion of Bond Counsel, dated the date of Closing and addressed to the District, in substantially the form attached as Appendix D to the Preliminary the Official Statement and the Official Statement, together with a reliance letter thereon addressed to the Underwriter;

(iv) a supplemental opinion of Bond Counsel dated the date of Closing and addressed to the Underwriter, to the effect that:

(A) the statements on the cover of the Official Statement and in the Official Statement under the captions "INTRODUCTION," "THE BONDS," "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS," and "TAX MATTERS," and in APPENDIX C — "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT," APPENDIX D — "PROPOSED FORM OF BOND COUNSEL OPINION" and APPENDIX E — "FORM OF CONTINUING DISCLOSURE CERTIFICATE," and excluding any material that may be treated as included under such captions and appendices by any cross-reference, insofar as such statements expressly summarize provisions of the Bonds, the Trust Agreement, and Bond Counsel's final opinion relating to the Bonds, are accurate in all material respects as of the date of Closing;

(B) the Purchase Agreement has been duly authorized, executed and delivered by the District and is the valid, legal and binding agreement of the District enforceable in accordance with its terms, except that the rights and obligations under the Purchase Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State, and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein; and

(C) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(v) the Official Statement, executed on behalf of the District;

(vi) evidence that the rating on the Bonds is as described in the Official Statement;

(vii) a certificate, dated the date of Closing, signed by a duly authorized officer of the District satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the District contained in this Purchase Agreement are true and correct in all material respects on and as of the date of Closing with the same effect as if made on the date of the Closing by the District, and the District has complied with all of the terms and conditions of the Purchase Agreement required to be complied with by the District at or prior to the date of Closing; (ii) to the best of such officer's knowledge, no event affecting the District has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iii) the information and statements contained in the Official Statement (other than information relating to DTC and its book entry system) did not as of its date and do not as of the Closing contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; (iv) the District is not in breach of or default under any applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which would have a material adverse impact on the District's ability to perform its obligations under the Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or an event of default under any such instrument; and (v) no further consent is required for inclusion of its audited financial statements in the Preliminary Official Statement and the Official Statement;

(viii) an opinion dated the date of Closing and addressed to the Underwriter, the Trustee and the Bond Counsel, of the general counsel to the District, substantially in the form attached as Exhibit B hereto;

(ix) a letter of Stradling Yocca Carlson & Rauth, Newport Beach, California, Disclosure Counsel to the District dated the date of Closing and addressed to the Underwriter substantially to the effect that, on the basis of the information made available to them in the course of their participation in the preparation of the Official Statement as disclosure counsel, but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement, no facts have come to the attention of the personnel in such firm directly involved in rendering legal advice and assistance to the District in connection with the preparation of the Official Statement which caused them to believe that (A) the Preliminary Official Statement as of its date or as of ________, 2020 (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to DTC, Cede & Co. and the operation of the book-entry system; statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction; and the statements contained in the Preliminary Official Statement under the caption "TAX MATTERS," and in any appendices to the Preliminary Official Statement; as to all of which they express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, including but not limited to information as to pricing, yields, interest rates, maturities, amortization, redemption provisions, debt service requirements, Underwriter's discount and CUSIP numbers or (B) the Official Statement as of its date or as of the Closing Date (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to DTC, Cede & Co. and the operation of the book-entry system, statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction; and the statements contained in the Official Statement under the caption "TAX MATTERS," and in any appendices to the Official Statement; as to all of which they express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(x) an opinion of counsel to the Trustee, addressed to the Underwriter and the District, dated the date of the Closing, to the effect that:

(A) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America, having full corporate power to undertake the trust created under the Trust Agreement;

(B) the Trust Agreement has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, the Trust Agreement constitutes the valid, legal and binding obligations of the Trustee enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought;

(C) the Trustee has duly authenticated the Bonds upon the order of the District;

(D) the Trustee's actions in executing and delivering the Trust Agreement are in full compliance with, and do not conflict with any applicable law or governmental regulation and, to the best of such counsel's knowledge, after reasonable inquiry with respect thereto, do not conflict with or violate any contract to which the Trustee is a party or any administrative or judicial decision by which the Trustee is bound;

(E) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Trustee that has not been obtained is or will be required for the execution and delivery of the Bonds or the consummation by the Trustee of its obligations under the Trust Agreement; and

(F) there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or public body pending or, to the best of such counsel's knowledge, threatened against or affecting the Trustee, which would materially adversely impact the Trustee's ability to complete the transactions contemplated by the Trust Agreement.

(xi) a certificate, dated the date of Closing, signed by a duly authorized officer of the Trustee satisfactory in form and substance to the Underwriter, to the effect that:

(A) the Trustee is duly organized and existing as a national banking association under the laws of the United States of America, having the full corporate power and authority to enter into and perform its duties under the Trust Agreement;

(B) the Trustee is duly authorized to enter into the Trust Agreement and has duly executed and delivered the Trust Agreement, and assuming due authorization and execution by the other parties thereto, the Trust Agreement is legal, valid and binding upon the Trustee and enforceable against such party in accordance with its terms;

(C) the Trustee has duly authenticated the Bonds under the Trust Agreement and delivered the Bonds to or upon the order of the Underwriter;

(D) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Trustee that has not been obtained is required for the execution and delivery of the Bonds or the consummation by the Trustee of its obligations under the Trust Agreement; and

(E) there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or public body pending or, to the best of such counsel's knowledge, threatened against or affecting the Trustee, which would materially adversely impact the Trustee's ability to complete the transactions contemplated by the Trust Agreement.

(xii) the preliminary and final forms required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code of the State of California and Section 8855(i) and (j) of the Government Code;

(xiii) a copy of the executed Blanket Issuer Letter of Representations by and between the District and DTC relating to the book-entry system;

(xiv) an opinion of Nixon Peabody LLP, Los Angeles, California, as Underwriter's Counsel, in form and substance acceptable to the Underwriter, substantially to the effect that:

(A) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(B) based upon an examination which they have made, and without having undertaken to determine independently or assuming any responsibility for the accuracy or completeness or fairness of the statements, and based on its participation in the conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon, on oral and written statements and representations of the District and others and on the records, documents, certificates, opinions and matters therein mentioned, such counsel advises the Underwriter as a matter of fact and not opinion that, during the course of such counsel's representation of the Underwriter on this matter, (a) as of the date of the Preliminary Official Statement and as of ________, 2020, no facts had come to the attention of the attorneys in such counsel's firm rendering legal services to the Underwriter in connection with the Preliminary Official Statement which caused it to believe that the Preliminary Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (b) as of the date of the Official Statement and as of the Closing Date, no facts had come to the attention of the attorneys in such counsel's firm rendering legal service to the Underwriter in connection with the Official Statement which caused it to believe as of the date of the Official Statement and as of the Closing Date that the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, such counsel expressly excludes from the scope of this paragraph and expresses no view or opinion about (i) with respect to the Preliminary Official Statement, any difference in information contained therein compared to what is contained in the Official Statement, whether or not related to pricing or sale of the Bonds, and whether any such difference is material and should have been included in the Preliminary Official Statement, and (ii) with respect to both the Preliminary Official Statement and the Official Statement, any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, management discussion and analysis, environmental matters, environmental litigation, any statements about compliance with prior continuing disclosure undertakings, information relating to DTC and its book-entry system, any appendices thereto, and information relating to ratings, rating agencies, tax exemption, included or referred to therein or omitted therefrom, which such counsel expressly excludes from the scope of this paragraph and as to which such counsel expresses no opinion or view, and no responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement or the Official Statement; and

(C) the Continuing Disclosure Certificate, together with Section 5(o) of the Purchase Agreement, satisfies the requirements contained in Rule 15c2-12 for an undertaking for the benefit of the holders of the Bonds to provide the information at the times and in the manner required by Rule 15c2-12; provided that, for purposes of such opinion, Underwriter's Counsel will not be expressing any view regarding the content of the Official Statement that is not expressly stated in numbered clause (ii) above;

(xv) a Rule 15c2-12 certificate, dated the date of the Preliminary Official Statement and executed by the District;

(xvi) a certificate of the PERS actuary setting forth the amount of the discounted prepayment of the annual contribution of the District to the System for Fiscal Year 2020-21 together with acknowledgment of payment of the Unfunded Liability; and

(xvii) such additional legal opinions, Bonds, proceedings, instruments or other documents as the Underwriter or Underwriter's Counsel may reasonably request.

If the District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, this Purchase Agreement shall terminate, and except as set forth in Section 9 hereof, neither the Underwriter nor the District shall be under further obligation hereunder.

Section 8. Changes in Official Statement. Within 90 days after the Closing or within 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12), whichever occurs first, if any event relating to or affecting the Bonds, the Trustee, or the District shall occur as a result of which it is necessary, in the reasonable opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in any material respect in the light of the circumstances existing at the time it is delivered to a purchaser, the District will forthwith prepare and furnish to the Underwriter an amendment or supplement that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to purchaser, not misleading. The District shall cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Official Statement with the MSRB. The Underwriter acknowledges that the "end of the underwriting period" will be the date of Closing unless the Underwriter otherwise notifies the District in writing that it still owns some or all of the Bonds.

Section 9. Expenses.

(a) Whether or not the Underwriter accepts delivery of and pays for the Bonds as set forth herein, it shall be under no obligation to pay, and the District shall pay out of the proceeds of the Bonds or any other legally available funds of the District, all expenses incidental to the performance of the District's obligations hereunder, including but not limited to the cost of printing and delivering the Legal Documents to the Underwriter, the costs of printing and shipping and electronic distribution of the Preliminary Official Statement and the Official Statement in reasonable quantities, the fees and disbursements of the District, the Trustee and its counsel, Bond Counsel, Disclosure Counsel, General Counsel to the District, the District's actuary, accountants, engineers, appraisers, economic consultants and any other experts or consultants retained by the District in connection with the issuance and sale of the Bonds, rating agency fees, advertising expenses, and any other expenses not specifically enumerated in paragraph (b) of this section incurred in connection with the issuance and sale of the Bonds. The District shall pay out of the proceeds of the Bonds, for any expenses incurred by the Underwriter on behalf of the District's employees and representatives which are incidental to implementing this Purchase Agreement, including meals, transportation, and lodging of those employees and representatives.

(b) Whether or not the Bonds are delivered to the Underwriter as set forth herein, the District shall be under no obligation to pay, and the Underwriter shall be responsible for and pay (which may be included as an expense component of the Underwriter's discount), MSRB, CUSIP Bureau and CDIAC fees and expenses to qualify the Bonds for sale under any "blue sky" laws, and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds not specifically enumerated in paragraph (a) of this section, including the cost of preparing this Purchase Agreement and other Underwriter documents, travel expenses and the fees and disbursements of Underwriter's Counsel.

Section 10. **Notices.** Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Brandis Tallman LLC, 22 Battery Street, Suite 500, San Francisco, California, 94111, Attention: Richard Brandis. Any notice or communication to be given to the District under this Purchase Agreement may be given by delivering the same in writing to the North County Fire Protection District, at the address first set forth above, Attention: Fire Chief/CEO. All notices or communications hereunder by any party shall be given and served upon each other party.

Section 11. **Parties in Interest.** This Purchase Agreement is made solely for the benefit of the District and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the District in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

Section 12. **Counterparts.** This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 13. Governing Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

BRANDIS TALLMAN LLC

By:__________________________________
Authorized Officer

Accepted:

NORTH COUNTY FIRE PROTECTION DISTRICT

By:__________________________________
Fire Chief/CEO

Time of Execution: ____:____

EXHIBIT A

MATURITY SCHEDULE

Maturity Date (June 1)	*Principal Amount*	*Interest Rate*	*Yield*
	$	%	%

$________ ______% Term Bond due June 1, 20__; Yield _____%; Price 100.000%
$________ ______% Term Bond due June 1 , 20__; Yield _____%; Price 100.000%

EXHIBIT B

FORM OF GENERAL COUNSEL OPINION

________, 2020

North County Fire Protection District
330 South Main Avenue
Fallbrook, California 92028

North County Fire Protection District
Taxable Pension Obligation Bonds, Series 2020

Ladies and Gentlemen:

We have acted as counsel to the North County Fire Protection District (the "District") in connection with the issuance and sale by the District of $________ aggregate principal amount of its North County Fire Protection District Taxable Pension Obligation Bonds, Series 2020 (the "Bonds"). We have examined and relied upon originals (or copies certified or otherwise identified to our satisfaction) of such documents, records and other instruments as we deem necessary or appropriate for the purposes of this opinion, including, without limitation: (i) those documents relating to the existence, organization and operation of the District; (ii) Resolution No. ____, adopted by a majority of the Board of Directors of the District (the "Board of Directors") on ________, 2020 (the "Resolution"); (iii) all necessary documentation of the District relating to the authorization, execution and delivery of the Trust Agreement, dated as of _______ 1, 2020 (the "Trust Agreement"), between the District and ________________________________, as trustee; (iv) the Purchase Agreement, dated ________, 2020 (the "Purchase Agreement"), executed by Brandis Tallman LLC (the "Underwriter"), and accepted by the District; (v) the Preliminary Official Statement, dated ________, 2020 (the "Preliminary Official Statement"), relating to the Bonds; (vi) the Official Statement, dated ________, 2020 (the "Official Statement"), relating to the Bonds; (vii) the Continuing Disclosure Certificate, dated ________, 2020 (the "Continuing Disclosure Certificate"), of the District appointing _________ as dissemination agent; and (viii) such other records, documents, certificates, opinions, and other matters as are in our judgment necessary or appropriate to enable us to render the opinions expressed herein. All capitalized terms used herein and not otherwise defined shall have the meaning given to such terms as set forth in the Trust Agreement.

Based on the foregoing, and with regard to State of California (the "State") law and United States federal law, we are of the opinion that:

(a) The District is a fire protection district, duly organized and validly existing pursuant to the Constitution and laws of the State.

(b) The resolution of the District approving and authorizing the execution and delivery of the Bonds, the Trust Agreement, the Purchase Agreement, and the Continuing Disclosure Certificate (collectively, the "Legal Documents") and approving and authorizing the issuance of the Bonds and the delivery of the Official Statement and other actions of the District was duly adopted at a meeting of the Board of Directors which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the resolution is now in full force and effect and has not been amended or superseded in any way.

(c) Except as disclosed in the Preliminary Official Statement and in the Official Statement, there is no action, suit or proceeding pending, or to the best of our knowledge, threatened against the District to (i) restrain or enjoin the execution or delivery of the Legal Documents (ii) in any way contesting or affecting the validity of the Legal Documents, the Resolution or the authority of the District to enter into the Legal Documents, or (iii) in any way contesting or affecting the powers of the District in connection with any action contemplated by the Official Statement, the Resolution or the Legal Documents.

(d) The execution and delivery of the Legal Documents and compliance with the provisions thereof, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the District is subject, which breach or default has or may have a material adverse effect on the ability of the District to perform its obligations under the Legal Documents.

(e) No authorization, approval, consent, or other order of the State or any other governmental body within the State is required for the valid authorization, execution and delivery of the Legal Documents or the consummation by the District of the transactions on its part contemplated therein, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the Bonds by the Underwriter.

Very truly yours,

North County Fire Protection District
Estimated POB Savings Analysis (2040 Maturity; 20-Year Term)
(Only Safety UAL Funded)

79% Safety UAL POB (2040)								
					(C1 + C2)	(B + C3)	(A - D)	
	A	B	C1	C2	C3	D	E	F
FY	Current UAL Payment	Unrefunded UAL	Est. POB Principal	Est. POB Interest	Est. POB Debt Service	Est. Total New Payments	Est. Savings*	Est. PV Savings**
2021	1,978,075	681,731	765,000	756,939	1,521,939	2,203,670	(225,595)	(216,814)
2022	2,257,655	785,058	680,000	738,962	1,418,962	2,204,020	53,635	49,541
2023	2,492,939	835,376	645,000	722,506	1,367,506	2,202,882	290,057	257,491
2024	2,642,865	823,280	675,000	706,252	1,381,252	2,204,531	438,334	373,974
2025	2,793,009	845,925	670,000	687,554	1,357,554	2,203,479	589,530	483,395
2026	2,869,816	869,187	665,000	668,593	1,333,593	2,202,780	667,036	525,660
2027	2,948,736	893,090	665,000	648,444	1,313,444	2,206,533	742,203	562,130
2028	3,029,826	917,649	660,000	627,297	1,287,297	2,204,946	824,880	600,433
2029	3,113,147	942,885	655,000	605,583	1,260,583	2,203,468	909,679	636,387
2030	2,738,457	508,513	1,115,000	583,444	1,698,444	2,206,957	531,500	357,351
2031	2,813,765	522,498	1,135,000	545,199	1,680,199	2,202,697	611,068	394,858
2032	2,891,143	536,866	1,170,000	499,572	1,669,572	2,206,438	684,705	425,220
2033	2,853,834	551,540	1,200,000	452,538	1,652,538	2,204,078	649,756	387,811
2034	2,812,287	566,615	1,235,000	404,298	1,639,298	2,205,913	606,374	347,832
2035	2,722,712	581,649	1,270,000	354,651	1,624,651	2,206,300	516,412	284,698
2036	2,568,031	595,877	1,305,000	303,597	1,608,597	2,204,474	363,557	192,628
2037	2,283,777	598,707	1,360,000	247,874	1,607,874	2,206,581	77,196	39,310
2038	1,319,901	599,537	1,415,000	189,802	1,604,802	2,204,339	(884,438)	(432,845)
2039	1,103,086	585,902	1,490,000	129,381	1,619,381	2,205,283	(1,102,197)	(518,423)
2040	949,407	597,726	1,540,000	65,758	1,605,758	2,203,484	(1,254,077)	(566,902)
2041	855,955	614,164			0	614,164	241,791	105,047
2042	674,284	475,532			0	475,532	198,752	82,988
2043	646,677	493,514			0	493,514	153,163	61,463
2044	514,262	409,345			0	409,345	104,917	40,464
2045	260,818	206,917			0	206,917	53,901	19,979
2046	11,148	11,148			0	11,148	0	0
Total	**52,145,612**	**16,050,232**	**20,315,000**	**9,938,240**	**30,253,240**	**46,303,471**	**5,842,141**	**4,493,675**

Summary Metrics**	79% Safety UAL POB (2040)
Current Safety UAL	$25,446,751
Current Miscellaneous UAL	$3,023,535
Total Current UAL	**$28,470,286**
Total Safety UAL Funded with POB ($)	*$20,000,000*
Total Miscellaneous UAL Funded with POB ($)	*$0*
Total Safety UAL Funded with POB (%)	*79%*
Estimated New Funded Ratio of Safety Plan	*95.4%*
Est. POB Principal Amount	$20,315,000
Est. POB Interest Rate (w/ Costs)	4.14%
Est. Total Savings (2021-2037)	$8,330,327
Additional Payments (Beyond 2037)	(2,488,187)
Est. Net Cumulative Savings	**$5,842,141**
Est. Avg. Annual Savings (2021-2037)	$490,019
Est. PV Savings ($)	$4,493,675
Est. PV Savings (%)	22.47%
Estimated Fixed Costs of Issuance (COI)	$170,000
Estimated Variable Costs	$142,205

Estimated Fixed Costs of Issuance (COI)	
Bond/Disclosure Counsel (Stradling)	$70,000
Municipal Advisor (NHA)	$57,500
Rating Agency (S&P)	$22,000
Trustee (U.S. Bank)	$3,000
Bid Platform	$1,500
Printer (TBD)	$2,500
Miscellaneous/Contingency	$13,500
Estimated Total COI	**$170,000**

Estimated Variable Costs	
Underwriter's Discount (Brandis Tallman)	$142,205
(Estimated 0.7%/Bond)	

***** Estimated savings assume CalPERS investment earnings of 7.0%. Savings assume 'A' credit rating at current interest rates. Realized savings subject to interest rates at time of pricing and future CalPERS returns.***

***** Present value (PV) indicates the current value (in today's dollars) of future payments, based on an applicable discount rate.***

***** Savings metrics net of costs of issuance (Fixed COI + UW Discount).***

NORTH COUNTY FIRE PROTECTION DISTRICT

ADMINISTRATIVE SERVICES

TO: BOARD OF DIRECTORS

FROM: CHIEF ABBOTT AND DEPUTY CHIEF MAROVICH

DATE: MAY 26, 2020

SUBJECT: 2020 CALPERS UAL RESTRUCTURING – APPROVAL OF TRUST AGREEMENT, BOND PURCHASE AGREEMENT, PRELIMINARY OFFICIAL STATEMENT FOR ISSUANCE OF PENSION OBLIGATION BONDS; APPROVAL OF DEBT MANAGEMENT POLICY AND CONTINUING DISCLOSURE POLICY

ATTACHMENTS – Exhibit E – Debt Management Policy

DEBT ISSUANCE AND MANAGEMENT

1. INTRODUCTION:

On May 26, 2020 the Board of Directors of the North County Fire Protection District ("Board of Directors") reviewed and considered this Debt Issuance and Management Policy ("Debt Policy") of the North County Fire Protection District ("Fire Protection District") and this Debt Policy was approved by action of the Board of Directors on May 26, 2020. This Debt Policy provides guidelines for debt issuance, management and post-issuance related policies and procedures for the Fire Protection District. This Debt Policy may be amended by the Board of Directors as it deems appropriate from time-to-time in the prudent management of the debt and financing needs of the Fire Protection District.

2. PURPOSE:

The purpose of this Debt Policy is to establish guidelines and parameters for the effective governance, management and administration of debt and other financing obligations issued by the Fire Protection District and its related entities (such as, but not exclusive to, any entities for which the Board of Directors serves as the governing board or legislative body). This Debt Policy is intended to improve and direct decision making, assist with the structure of debt issuance, identify policy goals, and demonstrate a commitment to long-term financial planning, including the Fire Protection District's Capital Improvement Program (the "Capital Improvement Program"). Adherence to a debt policy helps to ensure the Fire Protection District's debt is issued and managed prudently in order to maintain a sound financial position and credit worthiness. When used in this Debt Policy, "debt" refers to all indebtedness and financing obligations of the Fire Protection District and its related entities (together referred to as "District").

3. POLICY GOALS RELATED TO PLANNING GOALS AND OBJECTIVES:

In following this Debt Policy, the District shall pursue the following policy goals:

3.1. The District is committed to financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's annual Operating Budget;

3.2. It is a policy goal of the District to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings, if applicable, and the lowest practical borrowing costs;

3.3. It is a policy goal of the District to reduce the unfunded liabilities for employee pension and other post-employment benefits (OPEB);

3.4. The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges; and

3.5. When refinancing debt, it shall be the policy goal of the District to achieve, whenever possible and subject to any overriding non-financial policy, minimum aggregate net present value debt service savings of at least 3% of the refunded principal amount.

4. <u>DEBT POLICY OBJECTIVE</u>:

This Debt Policy is intended to comply with the requirements of Senate Bill 1029 (SB 1029), codified as part of California Government Code Section 8855(i), effective on January 1, 2017 and shall govern all debt undertaken by the District. The primary objectives of the District's debt and financing related activities are to:

4.1. Maintain the District's sound financial position;

4.2. Ensure the District has the flexibility to respond to possible changes in future service obligations, revenues and operating expenses;

4.3. Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the District;

4.4. Minimize debt service commitments through efficient planning and cash management;

4.5. Protect the District's credit worthiness and achieve the highest practical credit ratings, when applicable; and

4.6. Ensure the District is in compliance with all relevant State and Federal securities laws and other applicable laws and regulations.

5. ACCEPTABLE USES OF DEBT PROCEEDS:

The District will consider the use of debt financing primarily for assets and capital projects only if the term of debt shall not exceed the asset(s) or project's useful life or will otherwise comply with Federal tax law requirements. An exception to this long-term driven focus is the issuance of short-term instruments, such as tax and revenue anticipation notes, which are to be used for reasonable cash management purposes as described below. Bonded debt should not be issued to finance normal operating expenses. General Fund debt will not be issued to support ongoing operational costs unless such debt issuance achieves net operating cost savings and such savings are verified by independent analysis.

5.1. LONG-TERM DEBT:

5.1.1. Long-term debt may be issued to finance the construction, acquisition and rehabilitation of capital improvements and facilities, equipment and land to be owned and/or operated by the District. Long-term debt financings are appropriate when any of the following conditions exist:

5.1.1.1. When the project to be financed is necessary to provide basic municipal services;
5.1.1.2. When the project to be financed will provide benefit to the District's constituents over a duration of more than one year;
5.1.1.3. When the total debt financing would not impose an unreasonable burden on the District and its taxpayers and/or ratepayers, as applicable; or
5.1.1.4. When the debt is used to refinance outstanding debt in order to produce debt service savings or to benefit from debt restructuring.

5.1.2. The District may use long-term debt financings subject to each of the following conditions:

5.1.2.1. The project to be financed has been or will be considered and approved by the Board of Directors;
5.1.2.2. The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed;
5.1.2.3. The District estimates that sufficient revenues will be available to service the debt through its maturity; and

5.1.2.4. The District determines that the issuance of the debt will comply with the applicable requirements of State and Federal law.

5.2. <u>SHORT-TERM DEBT</u>: Short-term debt may be issued to provide financing for the District's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance the District's short-lived capital projects, such as undertaking lease-purchase financing for equipment.

5.3. <u>FINANCINGS ON BEHALF OF OTHER ENTITIES</u>: The District may also issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of the District. In such cases, the District shall take reasonable steps to confirm the financial feasibility of the project to be financed, the financial solvency of any borrower, and that the issuance of such debt is consistent with the policies set forth herein.

6. STANDARDS FOR USE OF DEBT FINANCING:

The District recognizes that there are numerous types of financing structures and funding sources available, each with specific benefits, costs, and risks. The District will consider debt issuance only in those cases where public policy, equity and economic efficiency favor debt financing over cash funding. Prior to the issuance of debt or other financing obligations, the District will carefully consider the overall long-term affordability of the proposed debt issuance by conducting an objective analysis of the District's ability to support additional debt service payments. The District will consider its long-term revenue and expenditure trends, the impact on operational flexibility and the overall debt burden on the taxpayers/ratepayers. The evaluation process shall include a review of generally accepted measures of affordability and will strive to achieve and/or maintain debt levels consistent with its current operating and capital needs.

7. TYPES OF DEBT:

In order to maximize the financial options available to benefit the public, it is the District's policy to allow the consideration of issuing all generally accepted types of debt, including, but not exclusive to the following:

7.1. <u>REVENUE BONDS/CERTIFICATES OF PARTICIPATION (COPS)</u>: Revenue Bonds and COPs are limited-liability obligations tied to a specific enterprise or special fund revenue stream where the projects financed clearly benefit or relate to the enterprise or are otherwise permissible uses of the special revenue. Generally, no voter approval is required to issue this type of obligation but in some cases, the District must comply with Proposition 218 regarding rate adjustments.

7.2. JOINT POWERS AUTHORITY (JPA) LEASE REVENUE BONDS: As an alternative to COPs, the District may obtain financing through the issuance of debt by a joint exercise of powers agency with such debt payable from amounts paid by the District under a lease, installment sale agreement, or contract of indebtedness.

7.3. GENERAL OBLIGATION (GO) BONDS: GO Bonds are suitable for use in the construction or acquisition of improvements to real property that benefit the public at large. Chapter 9 of the Fire Protection District Law of 1987, commencing with California Government Code section 13925 *et seq*., authorizes fire protection districts to finance certain municipal improvements through GO bonds when a fire protection district determines the public interest and necessity demands the acquisition, construction or completion of such municipal improvements, including property or structures necessary or convenient to carry out the objects, purposes, and powers of a fire protection district. All GO bonds shall be authorized by the requisite number of voters in order to pass.

7.4. LOANS: The District is authorized to enter into loans, installment payment obligations, or other similar funding structures secured by a prudent source or sources of repayment.

7.5. SPECIAL ASSESSMENT DEBT: The District will consider debt financing secured by property-based assessments, such as Assessment Districts, in order to provide for necessary infrastructure under guidelines adopted by the Board of Directors. In order to protect bondholders as well as the District's credit rating, the District will also comply with all State guidelines regarding the issuance of special assessment debt.

7.6. SHORT-TERM DEBT: Short-term borrowing, such as commercial paper, Tax and Revenue Anticipation Notes (TRANS), and lines of credit, may be considered as an interim source of funding in anticipation of long-term borrowing and may be issued to generate funding for cash flow needs. The final maturity of the debt issued to finance a project shall be consistent with the useful life of the project. Short-term debt may also be used to finance short-lived capital projects such as lease-purchase financing for equipment.

7.7. REFUNDING BONDS: The District shall refinance debt pursuant to the authorization that is provided under California law, including but not limited to Articles 9, 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, as market opportunities arise. Refunding transactions may be undertaken in order to:

7.7.1. Take advantage of lower interest rates and achieve debt service costs savings;

7.7.2. Assist in paying-off debt associated with pension and other post-employment benefit obligations;

7.7.3. Eliminate restrictive or burdensome bond covenants; or

7.7.4. Restructure debt to lengthen the duration of repayment, relieve debt service spikes, reduce volatility in interest rates or free up reserve funds.

Generally, the District shall strive to achieve a minimum of 3% net present value savings. The net present value assessment shall factor in all costs, including issuance, escrow, and foregone interest earnings of any contributed funds on hand. Refunding transactions which produce a net present value savings of less than 3% will be considered on a case-by-case basis. Upon the advice of the Fire Chief/CEO and the Finance Manager, and with the assistance of a financial advisor and bond counsel, the District will consider undertaking refunding transactions for other than economic purposes based upon a finding that such a restructuring is in the District's overall best financial interest.

The District may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

Debt shall be issued as fixed rate debt unless the District makes a specific determination as to why a variable rate issue would be beneficial to the District in that circumstance.

Debt-related derivative products may have application with regard to certain District borrowing programs. The District acknowledges the increased complexity associated with the use of derivatives and the Fire Chief/CEO, the Deputy Chief or designee will evaluate the use of derivative products on a case-by-case basis.

8. **<u>RELATIONSHIP TO CAPITAL IMPROVEMENT PROGRAM AND OPERATING BUDGET</u>:**

The District intends to issue debt for the purposes stated in this Debt Policy and the decision to incur new indebtedness should be integrated with the Board of Directors-adopted annual Operating Budget and Capital Improvement Program Budget. Prior to issuance of debt, a reliable revenue source shall be identified to secure repayment of the debt and the annual debt service payments shall be included in the Operating Budget.

The District shall integrate its debt issuances with the goals of its Capital Improvement Program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes.

9. **<u>INTERNAL CONTROL PROCEDURES</u>:**

When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The District will periodically review the requirements of and will remain in compliance with the following:

9.1. Federal securities law, including any continuing disclosure undertakings under SEC Rule 15c2-12, as amended;

9.2. Any federal tax compliance requirements including without limitation arbitrage and rebate compliance, related to any prior bond issues;

9.3. The District's investment policies as they relate to the investment of bond proceeds, if any; and

9.4. Government Code section 8855(k) and the annual reporting requirements therein.

The District shall be vigilant in using bond proceeds in accordance with the stated purpose at the time that such debt was issued. The Fire Chief/CEO, the Finance Manager or designee will monitor the expenditure of bond proceeds to ensure they are used only for the purpose and authority for which the bonds were issued. Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the District will submit written requisitions for such proceeds. The District will submit a requisition only after obtaining the signature of the Fire Chief/CEO, the Finance Manager or designee.

10. **AMENDMENT AND WAIVERS OF DEBT POLICY:**

This Debt Policy will be reviewed and updated periodically as needed. Any amendments to this Debt Policy are subject to specific Board of Directors approval.

While adherence to this Debt Policy is required in all applicable circumstances, on rare occasions there might be circumstances when strict adherence to a provision of this Debt Policy is not possible or not in the best interest of the District. If the District staff has determined that a waiver of one or more provisions of this Debt Policy should be considered by the Board of Directors, it will prepare an analysis for the Board of Directors describing the rationale for the waiver and the impact of the waiver on the proposed debt issuance and on taxpayers, if applicable. Upon a majority vote of the Board of Directors, one or more provisions of this Debt Policy may be waived for a debt financing.

The failure of a debt financing to comply with one or more provisions of this Debt Policy shall in no way affect the validity of any debt issued by the District in accordance with applicable laws.

11. **SB 1029 COMPLIANCE:**

SB 1029, signed by the Governor on September 12, 2016, and enacted as Chapter 307, Statutes of 2016, requires issuers to adopt debt policies addressing each of the five items below:

11.1. *The purposes for which the debt proceeds may be used.* Section 5 (Acceptable Uses of Debt Proceeds) addresses the purposes for which debt proceeds may be used.

11.2. *The types of debt that may be issued.* Section 7 (Types of Debt) provides information regarding the types of debt that may be issued.

11.3. *The relationship of the debt to and integration with, the issuer's capital improvement program or budget, if applicable.* Section 8 (Relationship to Capital Improvement Program and Operating Budget) provides information regarding the relationship between the District's debt and Capital Improvement Program and annual Operating Budget.

11.4. *Policy goals related to the issuer's planning goals and objectives*. Section 3 (Debt Policy Objective) and Section 8 (Policy Goals Related to Planning Goals and Objectives) address some of the District's policy goals and how this Debt Policy has implemented them.

11.5. *The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use*. Section 9 (Internal Control Procedures) provides information regarding the District's internal control procedures designed to ensure that the proceeds of its debt issues are spent as intended.

This Debt Policy, as written, complies with and meets the requirements of SB 1029.

NORTH COUNTY FIRE PROTECTION DISTRICT

ADMINISTRATIVE SERVICES

TO: BOARD OF DIRECTORS

FROM: CHIEF ABBOTT AND DEPUTY CHIEF MAROVICH

DATE: MAY 26, 2020

SUBJECT: 2020 CALPERS UAL RESTRUCTURING – APPROVAL OF TRUST AGREEMENT, BOND PURCHASE AGREEMENT, PRELIMINARY OFFICIAL STATEMENT FOR ISSUANCE OF PENSION OBLIGATION BONDS; APPROVAL OF DEBT MANAGEMENT POLICY AND CONTINUING DISCLOSURE POLICY

ATTACHMENTS – Exhibit F – Continuing Disclosure Policy

DISCLOSURE POLICIES

Section 1 – GENERAL:

These debt-related disclosure policies and procedures (the "**Disclosure Policies**") are intended to ensure that the North County Fire Protection District and all affiliated district entities (collectively, the "**District**") remain in compliance with all applicable federal and state securities laws.

Section 2 – DISCLOSURE COORDINATOR:

The Finance Manager of the District shall be the Disclosure Coordinator of the District (the "**Disclosure Coordinator**").

Section 3 – REVIEW AND APPROVAL OF OFFICIAL STATEMENTS:

The Disclosure Coordinator of the District shall review any Official Statement prepared in connection with any debt issuance by the District in order to ensure there are no misstatements or omissions of material information in any sections that contain descriptions of information prepared by the District.

In connection with the review of the Official Statement, the Disclosure Coordinator shall consult with third parties, including outside professionals assisting the District and all members of District Staff, to the extent that the Disclosure Coordinator concludes they should be consulted, so that the Official Statement will include all "material" information (as defined for purposes of federal securities law).

As part of the review process, the Disclosure Coordinator shall submit all Official Statements to the District Board for approval. The staff report used by the Disclosure Coordinator to submit the Official Statements may include language regarding the federal securities laws similar to that found in Exhibit B.

The approval of an Official Statement by the District Board shall be placed on the agenda as a new business matter and shall not be approved as a consent item. The District Board shall undertake such review as deemed necessary by the District Board, following consultation with the Disclosure Coordinator, to fulfill the District Board's responsibilities under applicable federal and state securities laws. In this regard, the Disclosure Coordinator shall consult with the District's Disclosure Counsel to the extent the Disclosure Coordinator considers appropriate.

Section 4 – CONTINUING DISCLOSURE FILINGS:

Under the continuing disclosure undertakings that the District will enter into in connection with its debt offerings, the District is required each year to file annual reports with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("**EMMA**") system in accordance with such undertakings. Such annual reports are required to include certain updated financial and operating information, and the District's audited financial statements.

The District will also be required under its continuing disclosure undertakings to file notices of certain events with EMMA.

The Disclosure Coordinator is responsible for establishing a system (which may involve the retention or one or more consultants) by which:

(i) The District will make the annual filings required by its continuing disclosure undertakings on a complete and timely basis; and

(ii) The District will file notices of events enumerated in Exhibit A on a timely basis.

At their sole discretion, the Disclosure Coordinator may engage a consultant that specializes in continuing disclosure compliance to assist the District in maintaining compliance with all covenanted continuing disclosure requirements.

Section 5 – ANNUAL REPORTING TO THE STATE OF CALIFORNIA:

At the time of adoption of these Disclosure Policies, there are three primary categories of annual reporting required by the State of California, as outlined below:

1. With the adoption of Senate Bill No. 1029 (which became effective January 1, 2017 and applies to all debt sold on or after January 21, 2017), debt issuers in the State of California are required to file annual debt transparency reports ("ADTRs") that cover a reporting period of July 1 to June 30. These ADTRs are to include specified information about debt authorized, issued, and outstanding and regarding the use of proceeds from debt during the reporting period. These ADTRs are due by January 31st of each year for any debt outstanding in the prior fiscal year and are to be filed with the California Debt and Investment Advisory Commission ("CDIAC").

2. MELLO-ROOS REPORTING: All issuers that have sold community facilities district bonds after January 1, 1993 are required to report certain information about the bond issues through by completing a Yearly Fiscal Status Report ("YFSR") and/or a Draw on the Reserve Fund or Default Report. Issuers are required to file all YFSRs if they have sold bonds on or before June 30th of each year and each year thereafter until the bonds are no longer outstanding. All issuers, regardless of when bonds are sold, are required to report any draw on reserve or default that occurs throughout the calendar year. These reports must be submitted to CDIAC no later than October 30th each year.

3. MARKS-ROOS REPORTING: Any joint powers authority selling bonds on or after January 1, 1996 that uses the proceeds to acquire one or more local obligations is required to report annually on the fiscal status of the Authority Bonds and the local obligations acquired until the final maturity of the bonds. CDIAC has developed the Marks-Roos Yearly Fiscal Status Report for Authority Issue to standardize and facilitate reporting on joint powers authority bonds. Such reports must be submitted to CDIAC no later than October 30th each year.

The Disclosure Coordinator will be responsible for complying with State requirements regarding annual filings all applicable outstanding District debt. At their sole discretion, the Disclosure Coordinator may engage a consultant that specializes in compliance with State reporting requirements to assist the District in maintaining compliance with all covenanted continuing disclosure requirements. It is understood that future legislation may modify the foregoing in the future.

Section 6 – TRAINING:

The Disclosure Coordinator shall ensure that the members of the District Staff involved in the initial or continuing disclosure process and the District Board are properly trained to understand and perform their responsibilities.

The Disclosure Coordinator shall arrange for disclosure training conducted by the District's disclosure counsel or other qualified instructor or via third-party sessions at conferences or other off-site locations. Such training sessions shall include education on these Disclosure Procedures, the District's disclosure obligations under applicable federal and state securities laws and the disclosure responsibilities and potential liabilities of members of the District's Staff and members of the District Board. Such training sessions may be conducted using a recorded presentation.

EXHIBIT A

LISTED EVENTS

For securities subject to Rule 15c2-12, the following events require notice in a timely manner not in excess of ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers or their failure to perform;

6. Adverse tax opinions, the issuance by the I.R.S. of proposed or final determinations of taxability, notices of proposed issue or other material notices or determinations with respect to the tax status of the security or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person;

13. Consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement

to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For continuing disclosure undertakings entered into on or after February 27, 2019, the following events require notice in a timely manner not in excess of ten (10) business days after the occurrence of the event:

15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

EXHIBIT B

SAMPLE STAFF REPORT LANGUAGE

The attached Preliminary Official Statement has been reviewed and approved for transmittal to the District Board by the District's financing team. The distribution of the Preliminary Official Statement by the District is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the Obligations. Material information is information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the Obligations. If the District Board concludes that the Preliminary Official Statement includes all facts that would be material to an investor in the Obligations, it must adopt a resolution that authorizes staff to execute a certificate to the effect that the Preliminary Official Statement has been "deemed final."

The Securities and Exchange Commission (the "SEC"), the agency with regulatory authority over the District's compliance with the federal securities laws, has issued guidance as to the duties of the District Board with respect to its approval of the Preliminary Official Statement. In its "Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors" (Release No. 36761 / January 24, 1996) (the "Release"), the SEC indicated that, if a member of the District Board has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the Obligations, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the Preliminary Official Statement. In the Release, the SEC indicated that the steps that a member of the District Board could take include becoming familiar with the Preliminary Official Statement and questioning staff and consultants about the disclosure of such facts.

NORTH COUNTY FIRE PROTECTION DISTRICT

ADMINISTRATIVE SERVICES

TO: BOARD OF DIRECTORS

FROM: CHIEF ABBOTT AND DEPUTY CHIEF MAROVICH

DATE: MAY 26, 2020

SUBJECT: 2020 CALPERS UAL RESTRUCTURING – APPROVAL OF TRUST AGREEMENT, BOND PURCHASE AGREEMENT, PRELIMINARY OFFICIAL STATEMENT FOR ISSUANCE OF PENSION OBLIGATION BONDS; APPROVAL OF DEBT MANAGEMENT POLICY AND CONTINUING DISCLOSURE POLICY

ATTACHMENTS – Exhibit G – Estimated Savings Analysis

North County Fire Protection District
Estimated POB Savings Analysis (2040 Maturity; 20-Year Term)
(Only Safety UAL Funded)

79% Safety UAL POB (2040)								
					(C1 + C2)	(B + C3)	(A - D)	
	A	B	C1	C2	C3	D	E	F
FY	Current UAL Payment	Unrefunded UAL	Est. POB Principal	Est. POB Interest	Est. POB Debt Service	Est. Total New Payments	Est. Savings*	Est. PV Savings**
2021	1,978,075	681,731	765,000	756,939	1,521,939	2,203,670	(225,595)	(216,814)
2022	2,257,655	785,058	680,000	738,962	1,418,962	2,204,020	53,635	49,541
2023	2,492,939	835,376	645,000	722,506	1,367,506	2,202,882	290,057	257,491
2024	2,642,865	823,280	675,000	706,252	1,381,252	2,204,531	438,334	373,974
2025	2,793,009	845,925	670,000	687,554	1,357,554	2,203,479	589,530	483,395
2026	2,869,816	869,187	665,000	668,593	1,333,593	2,202,780	667,036	525,660
2027	2,948,736	893,090	665,000	648,444	1,313,444	2,206,533	742,203	562,130
2028	3,029,826	917,649	660,000	627,297	1,287,297	2,204,946	824,880	600,433
2029	3,113,147	942,885	655,000	605,583	1,260,583	2,203,468	909,679	636,387
2030	2,738,457	508,513	1,115,000	583,444	1,698,444	2,206,957	531,500	357,351
2031	2,813,765	522,498	1,135,000	545,199	1,680,199	2,202,697	611,068	394,858
2032	2,891,143	536,866	1,170,000	499,572	1,669,572	2,206,438	684,705	425,220
2033	2,853,834	551,540	1,200,000	452,538	1,652,538	2,204,078	649,756	387,811
2034	2,812,287	566,615	1,235,000	404,298	1,639,298	2,205,913	606,374	347,832
2035	2,722,712	581,649	1,270,000	354,651	1,624,651	2,206,300	516,412	284,698
2036	2,568,031	595,877	1,305,000	303,597	1,608,597	2,204,474	363,557	192,628
2037	2,283,777	598,707	1,360,000	247,874	1,607,874	2,206,581	77,196	39,310
2038	1,319,901	599,537	1,415,000	189,802	1,604,802	2,204,339	(884,438)	(432,845)
2039	1,103,086	585,902	1,490,000	129,381	1,619,381	2,205,283	(1,102,197)	(518,423)
2040	949,407	597,726	1,540,000	65,758	1,605,758	2,203,484	(1,254,077)	(566,902)
2041	855,955	614,164			0	614,164	241,791	105,047
2042	674,284	475,532			0	475,532	198,752	82,988
2043	646,677	493,514			0	493,514	153,163	61,463
2044	514,262	409,345			0	409,345	104,917	40,464
2045	260,818	206,917			0	206,917	53,901	19,979
2046	11,148	11,148			0	11,148	0	0
Total	52,145,612	16,050,232	20,315,000	9,938,240	30,253,240	46,303,471	5,842,141	4,493,675

Summary Metrics**	79% Safety UAL POB (2040)
Current Safety UAL	$25,446,751
Current Miscellaneous UAL	$3,023,535
Total Current UAL	**$28,470,286**
Total Safety UAL Funded with POB ($)	*$20,000,000*
Total Miscellaneous UAL Funded with POB ($)	*$0*
Total Safety UAL Funded with POB (%)	*79%*
Estimated New Funded Ratio of Safety Plan	*95.4%*
Est. POB Principal Amount	$20,315,000
Est. POB Interest Rate (w/ Costs)	4.14%
Est. Total Savings (2021-2037)	$8,330,327
Additional Payments (Beyond 2037)	(2,488,187)
Est. Net Cumulative Savings	**$5,842,141**
Est. Avg. Annual Savings (2021-2037)	$490,019
Est. PV Savings ($)	$4,493,675
Est. PV Savings (%)	22.47%
Estimated Fixed Costs of Issuance (COI)	$170,000
Estimated Variable Costs	$142,205

Estimated Fixed Costs of Issuance (COI)	
Bond/Disclosure Counsel (Stradling)	$70,000
Municipal Advisor (NHA)	$57,500
Rating Agency (S&P)	$22,000
Trustee (U.S. Bank)	$3,000
Bid Platform	$1,500
Printer (TBD)	$2,500
Miscellaneous/Contingency	$13,500
Estimated Total COI	**$170,000**

Estimated Variable Costs	
Underwriter's Discount (Brandis Tallman) *(Estimated 0.7%/Bond)*	$142,205

**** Estimated savings assume CalPERS investment earnings of 7.0%. Savings assume 'A' credit rating at current interest rates. Realized savings subject to interest rates at time of pricing and future CalPERS returns.***

***** Present value (PV) indicates the current value (in today's dollars) of future payments, based on an applicable discount rate.***

***** Savings metrics net of costs of issuance (Fixed COI + UW Discount).***

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New York, NY 10041-0003
Team Email:
USPFEngagementLtrs@spglobal.com
Issue No.: 1617020
Obligor ID : 676038

S&P Global
Ratings

May 13, 2020

North County Fire Protection District
330 S. Main Ave.
Fallbrook, CA 92028
Attention: Mr. Stephen Abbott, Fire Chief/CEO

Re: ***US$20,000,000 North County Fire Protection District, California, Taxable Pension Obligation Bonds, Series 2020, dated: June 18, 2020, due: June 01, 2045, Public***

Dear Mr. Abbott:

Thank you for your request for a S&P Global Ratings credit rating as described above. We agree to provide the credit rating in accordance with this letter and the rating letter, and you agree to perform your obligations set out in sections 1, 2 and 3 of this letter. Unless otherwise indicated, the term "issuer" in this letter means both the issuer and the obligor if the obligor is not the issuer.

We will make every effort to provide you with the high level of analytical performance and knowledgeable service for which we have become known worldwide. You will be contacted directly by your assigned analytic team.

1. Fees and Termination.

In consideration of our analytic review and issuance of the credit rating, you agree to pay us the following fees:

Rating Fee. You agree to pay us a credit rating fee of **$22,750** plus all applicable value-added, sale, use and similar taxes. S&P Global Ratings reserves the right to adjust the credit rating fee if the proposed par amount changes. Payment of the credit rating fee is not conditioned on S&P Global Ratings issuance of any particular credit rating.

Other Fees and Expenses. You will reimburse S&P Global Ratings for reasonable travel and legal expenses. Should the credit rating not be issued, you agree to compensate us based on our time, effort, and charges incurred through the date upon which it is determined that the credit rating will not be issued.

Termination of Engagement. This engagement may be terminated by either party at any time upon written notice to the other party.

2. Private and Confidential Credit Ratings.

Unless you request otherwise, the credit rating provided under this Agreement will be a public credit rating.

If you request a confidential credit rating under this Agreement, you agree that the credit rating will be exclusively for your internal use, and not to disclose it to any third party other than your professional advisors who are bound by appropriate confidentiality obligations or as otherwise required by law or regulation or for regulatory purposes.

If you request a private credit rating under this Agreement, S&P Global Ratings will make such credit rating and related report available by email or through a password-protected website or third-party private document exchange to a limited number of third parties you identify, and you agree not to disclose such credit rating to any third party other than (A) to your professional advisors who are bound by appropriate confidentiality obligations, (B) as required by law or regulation or for regulatory purposes, or (C) for the purpose of preparing required periodic reports relating to the assets owned by a special purpose vehicle that has purchased the rated obligation, provided that the preparer(s) of the reports must agree to keep the information confidential and the private credit rating shall not be referred to or listed in the reports under the heading "credit rating," "rating" or "S&P rating", and shall be identified only as an "S&P Global Ratings implied rating" or similar term. If a third-party private document exchange is used, you agree to pay a one time administrative fee of $10,000 in addition to the fees outlined in this Agreement. You also agree to maintain the list of third-parties authorized to access the private credit rating current and to notify S&P Global Ratings in writing of any changes to that list. S&P Global Ratings may make access to the private credit rating subject to certain terms and conditions, and disclose on its public website the fact that the rated entity or obligations (as applicable) has been assigned a private credit rating.

3. Information to be Provided by You.

To assign and maintain the credit rating pursuant to this letter, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the credit rating and the continued flow of material information as part of the surveillance process. You also understand that credit ratings, and the maintenance of credit ratings, may be affected by S&P Global Ratings opinion of the information received from issuers and their agents and advisors.

4. Other.

S&P Global Ratings has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. S&P Global Ratings has not performed and will not perform the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with a credit rating engagement.

S&P Global Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received from issuers, their agents or advisors. For these purposes, "Confidential Information" shall mean verbal or written information that the issuer, its agents or advisors have provided to S&P Global Ratings and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential."

S&P Global Ratings does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a credit rating or the results obtained from the use of such information. S&P GLOBAL RATINGS GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. S&P Global Ratings, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to any person for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to a credit rating or the related analytic services even if advised of the possibility of such damages or other amounts.

With respect to each rating that you have asked S&P Global Ratings (a "nationally recognized statistical rating organization") to rate under this Agreement, you understand that S&P Global Ratings is required under Rule 17g-7(a)(1)(ii)(J)(1) through (2) under the Securities Exchange Act of 1934 (hereafter "J1/J2"), to determine, ahead of publication of the rating, the entity paying for credit rating services, the role that entity undertakes, and whether the entity paying for credit rating services has also paid S&P Global Ratings for ancillary services during the most recently ended fiscal year. You acknowledge that the undersigned contracted party is the entity responsible for payment of credit rating services, and will, by default, be the legal entity S&P Global Ratings uses for its J1/J2 disclosures, unless otherwise indicated by you. To the extent that you do not expect to pay the fees due under this Agreement directly, you undertake to notify S&P Global Ratings, in writing and in advance of any credit rating publication, of a) the full legal name, address and role of the entity that will be the recipient ("bill-to") of S&P Global Ratings invoices due under this Agreement and b) where different to the bill-to entity, the full legal name, address and role of the entity that will be the payer of invoices; you understand that we cannot use a paying agent or similar intermediary for the purpose of the disclosure. You understand, as contracting party, your role in enabling S&P Global Ratings to accurately present the disclosure of its credit ratings.

Please feel free to contact Andrew Gonzalez at andrew.gonzalez@spglobal.com if you have any questions or suggestions about our fee policies. In addition, please visit our web site at www.standardandpoors.com for our ratings definitions and criteria, research highlights, and related information. We appreciate your business and look forward to working with you.

Sincerely yours,
Blakely Fishlin

By : Blakely Fishlin

Name: Blakely D. Fishlin

Title: Director, Sr. Lead, Product Management & Development
ag

cc:

Ms. Lizzie Foss, Counsel
Brandis Tallman LLC

S&P Global Ratings - Data Protection Appendix to Terms and Conditions

1. **This Appendix:** This Data Protection Appendix (**"Appendix"**) is incorporated into the Engagement Letter and S&P Global Ratings Terms and Conditions (together, the **"Agreement"**) between S&P Global Ratings and you. In the event of conflict, this Appendix takes priority over the provisions of the Agreement but solely to the extent of the conflict.

2. **Definitions:** All words, terms or phrases, the meaning of which are defined in the Agreement, shall have the same meaning where used in this Appendix. In this Appendix, the following terms shall have the following meanings:

"controller", **"processor"**, **"data subject"**, **"personal data"**, **"processing"**, **"process"**, **"special categories of personal data"** and **"joint controller"** shall have the meanings given in Applicable Data Protection Law; where these terms are not defined in the Applicable Data Protection Law, they shall have the meaning given to them in the GDPR;

"Analytical Data" means underlying personal data contained within the information which is provided to S&P Global Ratings for the purposes of the provision of the Services, such as the personal data of individuals who have financial products in place which are relevant to the issuing of a rating;

"Applicable Data Protection Law" shall mean, as applicable, the **EU General Data Protection Regulation (Regulation 2016/679)** (as may be amended, superseded or replaced) (**"GDPR"**) and all other supplemental or implementing laws relating to data privacy in the relevant European Union member state, including where applicable the guidance and codes of practice issued by the relevant supervisory authority, and/or all applicable analogous privacy laws of other countries;

"Client Data" means personal data of data subjects, such as your employees, associates or partners, that is provided to S&P Global Ratings during the provision by S&P Global Ratings of the Services to you, such as name, job title, name of employer, office email address, office physical address, internet protocol address, office telephone number and language selection (and excludes special categories of personal data);

"Data" means Analytical Data and Client Data;

"Permitted Purpose" means processing:

(A) by employees, officers, consultants, agents and advisors of S&P Global Ratings or its affiliates of Data: (i) to provide ratings and other products and services (the **"Services"**) to you, (ii) to communicate with you regarding the Services that may be of interest to you, (iii) as described in the S&P Global Ratings' Use of Information section of the Agreement and (iv) as otherwise permitted in the Agreement;

(B) of personal data by you to access and use the Services;

"Standard Contractual Clauses" means standard contractual clauses (adopted by European Commission Decision 2004/915/EC on 27 December 2004) for the transfer of personal data from controllers in the EU to controllers in jurisdictions outside the European Economic Area, a copy of the current version of which is accessible at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32004D0915 and which shall be deemed incorporated into this Appendix by reference solely for purposes of Clause 8 of this Appendix and within which you are the **"Data Exporter"** and S&P Global Ratings is the **"Data Importer."**

3. **Disclosure of data:** Each party will only disclose personal data to each other to process strictly for the Permitted Purpose.

4. **Relationship of the parties:** Except as may be specifically otherwise agreed, the parties acknowledge that you are a **controller** of the Data you disclose to S&P Global Ratings and that S&P Global Ratings will process the Data you disclose to S&P Global Ratings as a separate and independent controller strictly for the Permitted Purpose. In no event will the parties process the Data as joint controllers. Each party shall be individually and separately responsible for complying with the obligations that apply to it as a controller under Applicable Data Protection Law. Please see our Customer Privacy Policy (available at https://www.spglobal.com/corporate-privacy-policy) and Cookie Notice (available at https://www.spglobal.com/corporate-privacy-policy/corporate-privacy-and-cookie-notice) for further information regarding how personal data that you provide to S&P Global Ratings in connection with the Services will be used and maintained.

5. **Investigations:** Except where and to the extent prohibited by applicable law, each party (**"Notifier"**) will

inform the other promptly, and in any event within three (3) business days of, any inquiry, communication, request or complaint relating to Notifier's processing of the personal data transferred to it under this Agreement by the other party which is received from: (i) any governmental, regulatory or supervisory authority, (ii) any data subject or (iii) any other person or entity alleging unlawful or unauthorized processing.

6. __Use and Restrictions on Use:__ Notwithstanding the information that you are entitled to use from the Services and distribute to third parties to the extent permitted by the Agreement, you shall not distribute or use any personal data to which you have had access when receiving the Services other than for the Permitted Purpose.

7. __Security:__ The parties shall implement appropriate technical and organisational measures to protect the Data from: (i) accidental, unauthorized or unlawful destruction and (ii) loss, alteration, unauthorised disclosure of or access to the Data.

8. __International Transfers of Data outside the EEA:__

8.1 This Clause 8 and the Standard Contractual Clauses shall apply only with respect to Data transferred from the European Economic Area ("**EEA**") to S&P Global Ratings and its affiliates in a territory outside of the EEA, provided that such transfers shall comply with the Standard Contractual Clauses deemed to be incorporated into this Appendix.

8.2 S&P Global Ratings may process (or permit to be processed) any Data transferred from the EEA to S&P Global Ratings and its affiliates in a territory outside of the EEA, provided that such transfers shall comply with the Standard Contractual Clauses. In applying and interpreting the Standard Contractual Clauses, the parties agree that **Annex A** will apply and **Annex B** thereto shall be populated as follows:

(1) Data Subjects to whom the personal data relates:

(i) Persons who are employees, officers, contractors, agents or advisors of the Data Exporter and/or of companies affiliated with it who are engaged in the decision to enter into the Agreement and/or who enter into the Agreement with the Data Importer for the provision of the Data Importer's Services; and

(ii) persons in respect of whom the Data Exporter or its agents or advisors have provided personal data to the Data Importer to enable the Data Importer to provide the Services.

(2) Purposes for which the data transfer is made:

The Permitted Purpose.

(3) Categories of personal data transferred:

Client Data and Analytical Data.

(4) Categories of recipients to whom the personal data is transferred or disclosed:

Employees, officers, consultants, agents and advisors of the Data Importer or its affiliates and third parties, including public bodies, regulators and law enforcers, to the extent S&P Global Ratings is required to disclose Data by contract, regulation, litigation or law.

(5) Sensitive data or categories of sensitive data to be transferred (special category personal data):

Not applicable.

(6) Contact Point for the Data Importer:

RatingsGDPR@spglobal.com

8.3 The parties agree that the following optional clause to the Standard Contractual Clauses shall apply as between them:

"(1) Each party shall perform its obligations under these clauses at its own cost."

9. __Survival:__ This Appendix shall survive termination or expiry of the Agreement. Upon termination or expiry of the Agreement, S&P Global Ratings may continue to process the Data, provided that such processing complies with the requirements of this Appendix and Applicable Data Protection Law.

NORTH COUNTY FIRE PROTECTION DISTRICT

STAFF REPORT

TO: BOARD OF DIRECTORS

FROM: FINANCE SPEC. JUUL, DEPUTY MAROVICH AND CHIEF ABBOTT

DATE: MAY 26, 2020

SUBJECT: DISCUSSION ON PRELIMINARY BUDGET

DISCUSSION AGENDA

BACKGROUND:

Each year the Board of Directors are required to adopt a Preliminary Budget by June 30th and a final budget by October 1st. Staff is proposing changes in the process of the Budget and wanted to discuss prior to voting on the Budget during the June meeting.

DISCUSSION:

The Budget captures the revenue and expenses for each Fiscal Year and references the past year to allow the Board of Directors to analyze how the District is performing. The Board of Directors has a vested interest in analyzing the overall District financial health including the designated reserve funds. No budgetary numbers are provided since opening charges and other significant budgetary information will not be available until early June. The concept is to have property tax, ambulance and prevention fees to fund personnel, operations and maintenance (O&M) and designate a percentage to reserves. The intent is for the District to become a "cash" only for capital equipment expenditures saving on interest. The remaining revenue accounts would be the source of these monies towards capital expenditures with the ultimate goal of fully funding the future equipment replacement plan.

FISCAL ANALYSIS:

Staff will be prepared to discuss anticipated revenue and expenses.

SUMMARY:

The attached sheets provide a visual aid for proposed changes and Staff will take all recommendations from the Board of Directors to provide a Budget to meet all the needs of the District.

DISCUSSION QUESTIONS:

1. Does the Board have any questions regarding the discussion on proposed changes to the FY 20/21 budget format?

2. Would the Board like to provide Staff with any additional guidance in preparation for adopting a Preliminary Budget next month?

North County Fire Budget Allocation

Revenue:

- Property Tax
- Ambulance Fees
- Prevention Fees
- Grants (specific to personnel/O&M)
- Mitigation

Total: 100%

Expenses:

Personnel		77.53%
O&M		
101	Board Administration	1.38%
102	Administration	5.21%
103	Prevention	0.31%
104	Operations	2.15%
105	Medical Services	1.11%
106	Volunteers/Explorers	0.07%
107	Communications	3.12%
108	Shop	1.79%
109	Training	0.37%
Contingency		1.14%
Deposit into Reserves		1.51%
Facilities		1.86%
CIP		2.46%
	Total:	100%

EMS Section (Single Role) Cost versus EMS Revenue: 82.09%

Reserve Fund Balance

Restricted: Externally enforceable limitations on use.

Fire Mitigation Fee Fund	Fallbrook	$ 451,891
	Rainbow	$ 3,927

Committed: Pursuant to constraints imposed by Board resolution.

Workers Compensation Reserve Fund	$ 450,000
Facility and CIP	$2,060,000
Compensated Absences (75% funded)	$1,641,928

Assigned: Amounts that are constrained by the District's intent to be used for specific purpose.

Operating Reserve (Dry Yield)	$2,565,000

Unassigned: Excess amounts not otherwise classified

General Fund	$ 88,990

ROBERT H. JAMES
ATTORNEY AT LAW

ROBERT H. JAMES, Esq.
roberthjameslaw@gmail.com

3668 KATIE LENDRE DRIVE
FALLBROOK, CALIFORNIA 92028

TELEPHONE
(760) 723-9018

May 1, 2020

Board of Directors
North County Fire Protection District

Re: General Counsel Board Report for May 1, 2020

The CARES Act's New Rules for Coronavirus Related Distributions from Governmental 457(b) Plans

As expected, the recently enacted Coronavirus Aid, Relief, and Economic Security Act contains provisions providing affected workers with greater, more tax-favored, access to portions of their retirement savings. Although it will be possible to make Coronavirus-related distributions from 401(k)s, 403(b)s, IRAs and governmental 457(b)s, I am focusing here on governmental 457(b) plans.

Existing rules that may provide public employees access to their 457(b) accounts to receive distributions based on an unforeseeable emergency hardship. These rules remain in place; however, under the CARES Act, employees affected by the Coronavirus crisis — presumably everyone — will instead be able to take advantage of the following, more favorable, rules for CRDs:

- Generally, a CRD is a distribution made during 2020 to an individual who has contracted Coronavirus or who has suffered adverse financial consequences due to the Coronavirus outbreak, as specified in a to-be-issued guidance.

- According to the CARES Act, an employer will be able to rely on an employee's certification that a requested distribution qualifies as a CRD.

- There is a limit of $100,000 that can be distributed as a single amount, or a part of a series of distributions, on a CRD-basis from the eligible plan or plans of a single employer. It appears that the $100,000 limit also takes into account any IRAs from which a CRD is taken.

- CRDs receive special tax treatment. If some or all of the CRDs are "repaid" through contributions to an eligible plan within 3 years of when they were taken, the re-contributed amounts will be treated as though they were part of a tax-free rollover. In other words, recipients can replenish their retirement savings within 3 years without regard to the otherwise applicable plan contribution limits. Furthermore, unless recipients elect out, their CRDs will be taxed as though they

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were received over a 3-year period and will not be subject to the normally imposed 20 percent withholding rules. Finally, like the unforeseeable emergency withdrawals we previously described, CRDs are not subject to the 10 percent early distribution penalty.

- Presumably, clarifying guidance will be issued shortly. All affected plans will have to be amended eventually to provide for, and comply with, the new rules. However, public agencies are given until the plan year beginning in 2024 to amend their plan documents to retroactively reflect these rules.

While public employers should immediately familiarize themselves with the details of the new CRD rules, they should only make actual CRDs once they have consulted with their advisors and consultants, and feel confident about what they are doing. The CRD rules under the CARES Act are a special exception to the normal plan rules restricting distributions. Violation of the new CRD rules could adversely our plan's tax status.

ROBERT H. JAMES
Attorney at Law

Robert H. James, General Counsel for the
North County Fire Protection District

RHJ/km
cc: Chief Steve Abbott
Board members

NORTH COUNTY FIRE PROTECTION DISTRICT

FIRE CHIEF/CEO

TO: BOARD OF DIRECTORS

FROM: STEPHEN ABBOTT, FIRE CHIEF/CEO

DATE: MAY 26, 2020

SUBJECT: WRITTEN CORRESPONDENCE

- **WRITTEN COMMUNICATION**:
- None

- **BOARD RECOGNITION PROGRAM:**
- **THANK YOU NOTE OF MAY 9, 2020:**

Station 4B	PM Richter
Capt J. Choi	EMT Rutledge
Eng T. Ruiz	
FF/PM J. Gonzalez	

May 4th 2020

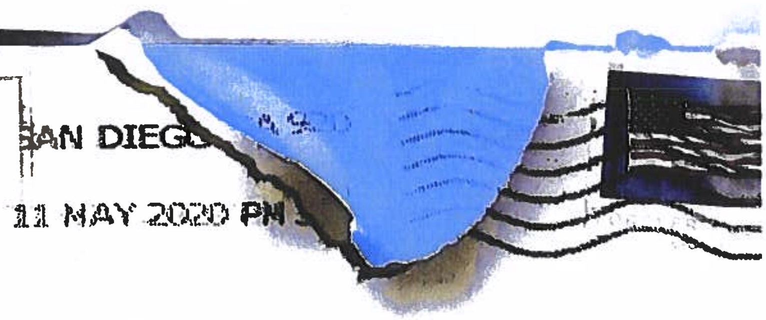
This is a note I should have written as soon as we received the kind & lovely message we received from you wishing my husband, Walter Breining your generous "Get Well" message. Needless to say he preceeded to get well. Not only do we enjoy the generous help you give us, & now the generous note. Which we have kept & keep showing it to friends & people dropping in here. Everyone amazed & happy that such kindness happens in this sad world.

Please keep up your good work

With much ~~appreciation~~ appreciation & Love

Station 4B
Capt J. Choi
Eng T. Ruiz
FF J. Gonzalez

PM Richter
EMT Rutledge



Captain John Choi & other gentlemen
Engine 11A Station 4 B crew
North County Fire Protection District
330 South Main Ave
Fallbrook Calif 92028

SDSU Offers Free Online Courses For First Responders

schools

The SDSU Gives Back program is designed to help San Diego's police officers, firefighters and health care workers continue their education.

By City News Service, News Partner

May 20, 2020 11:15 am PT

SDSU Gives Back is part of Courses for Causes, an initiative developed by California State University's Professional and Continuing Education program. (Shutterstock / Ken Wolter)

SAN DIEGO, CA — San Diego State University officials Tuesday announced an initiative to offer San Diego's first responders free online courses starting this month.

The program — called SDSU Gives Back — is designed to help San Diego's police officers, firefighters and health care workers continue their education with online courses in marketing, contract management and geographic information systems, a SDSU statement said.

"We are incredibly proud and grateful for all of our first responders and the heroic work that they have been doing to keep our community safe during these uncertain times," said Shara Tscheulin, associate dean of professional and international programs at SDSU World Campus and one of the founding members of the initiative.

"Our SDSU team wanted to show appreciation and extend the opportunity of a free class to these remarkable individuals," Tscheulin said. "True inspiration has come through their tireless efforts and we at SDSU are incredibly appreciative of their support for each of us, our families and our community."

The free online courses offered to first responders this summer include:

-- GIS Bootcamp: Turn Your Spatial Idea Into A Successful Startup (Rolling Enrollment);
-- Contract Management: Ethics and Compliance (From May 21-June 18);
-- Project Management: Project Risk Management (May 21-June 25);
-- Project Management: Communication and Stakeholder Management (July 1-August 5);
-- Contract Management: Intellectual Property and Licensing (July 8- August 5).

SDSU Gives Back is part of Courses for Causes, an initiative developed by California State University's Professional and Continuing Education program. Spread across all 23 campuses of the CSU network, its goal is to "accommodate the educational and professional development needs of today's workforce, with a specific focus on California's network of first response workers," according to a university statement.

— City News Service

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Read our community guidelines here

US report predicts broad risk of COVID-19 at wildfire camps -

AP,

May 13, 2020

Posted: May 13, 2020

AP

BOISE, Idaho (AP) — Outbreaks of the coronavirus could sweep through large camps where crews typically stay as they fight wildfires across the U.S., according to a federal document obtained by The Associated Press, and the problem is likely to get worse the longer the fire season lasts.

The U.S. Forest Service's draft risk assessment predicts that even in a best-case scenario — with social distancing followed and plenty of tests and protective equipment available — nearly two dozen firefighters could be infected with COVID-19 at a camp with hundreds of people who come in to combat a fire that burns for months.

The worst-case scenario? More than 1,000 infections.

Forest Service officials have declined to answer questions about the document other than saying it's outdated and being redone. They didn't immediately respond to additional questions Wednesday.

"The report is being reviewed and updated with the most current data and is not ready to share," the agency said Monday in an email.

The Forest Service declined to release a copy of the draft or say what changes are being made. The AP obtained the document from an official who has access to it and didn't want to be named.

One of the authors of the risk assessment said Tuesday that the infection rates won't change. But while the draft originally said the death rate among infected firefighters could reach as high as 6%, that is being revised sharply downward, to less than 2%, to reflect newer data, said Jude Bayham, an assistant professor in the Department of Agricultural and Resource Economics at Colorado State University.

He said the initial death rate was based on data from early in the pandemic, when testing was far more limited. Based on new data, firefighters — who are largely healthy and young — will likely fare far better if they contract COVID-19 than the general population, he said.

For most people, the coronavirus causes mild or moderate symptoms, such as fever and cough that clear up in two to three weeks. For some, especially people who are older or have health problems, it can cause more severe illness, including pneumonia and death.

Federal guidelines released last week reimagine how to combat wildfires to reduce the risk of firefighters getting the virus. The guidelines urge fire managers to use small crews that can have the close contact that firefighting and travel often require, while staying away from other groups. The guidelines recommend avoiding the traditional large camps and relying on military-issue ready-to-eat or bagged meals instead of catered buffet-style meals at campsites.

Some fire managers also are told to take temperatures with their own touchless thermometers if possible. The guidelines say everyone should wear masks and other protective equipment when around those outside their immediate crew. Good cleaning and sanitation is recommended, as is isolating firefighters and potentially entire crews if COVID-19 is detected.

A review of incident reports from wildfires so far this year show the guidelines are difficult, and sometimes impossible, to follow and could actually increase some risks to firefighters.

"We have developed pinch-points that cause operational lapses in guidance that may very well get confused with policy and doctrine. This situation could result in injury — or even unwanted death — of our multiagency employees," Greg Juvan, a fire management officer with the Idaho Panhandle National Forests, wrote in a report from a small wildfire last month.

Social distancing was difficult, and firefighters found it unrealistic to meet sanitation standards for truck radios, hand tools and other gear used in the initial attack on the Idaho wildfire, Juvan said. Social distancing guidelines call for more vehicles to transport crews, but that led to congestion on the narrow roads leading to the fire. The guidelines could raise one of the greatest risks to wildland firefighters — traffic wrecks, Juvan said.

Even something as basic as sanitizing vehicles proved problematic, with cleaning supplies difficult to find, the report said.

In New Mexico, several agencies responded to a small wildfire last month, with some not practicing social distancing and other virus policies appearing to vary greatly, George Allalunis, a Carson National Forest engine captain, wrote in a report.

For the Forest Service's draft risk assessment, researchers created scenarios using three actual fires from 2017 and applied disease modeling. They found testing every firefighter before they started work reduced the coronavirus risk most significantly for short, high-intensity wildfires, said Bayham, the professor. But for longer, drawn-out firefights, initial testing was less important than keeping firefighters spread out in small campsites.

The models showed that even with strict pre-work testing and social distancing, about 21 COVID-19 infections could be expected in a large camp like that used for a 2017 fire in Montana. In the worst-case scenario, more than 1,000 firefighters would be infected. The problem could compound as fire crews are sent to new locations over the monthslong fire season, which has largely begun.

The American West could see higher-than-normal levels of wildfire this year because of drought.

Local firefighters recover from COVID-19, now back at work

Village News

All North County Fire Protection District firefighters who previously tested positive for the coronavirus are now healthy and have returned to work, the fire district said.

The fire district announced the firefighters were back on duty in a Facebook post Wednesday, May 6.

The firefighters who have recovered from coronavirus are now trying to give back to the community by donating their plasma, and the antibodies that come with it.

"The silver lining in our firefighters getting COVID-19 is that they are now helping those infected by the virus in ways only those that have antibodies can," the fire district said in the Facebook post. "Our fully recovered firefighters are now donating their plasma to help those who are infected and receiving treatment in our local ICUs."

North County Fire was one of the earliest local fire agencies to report an employee with a coronavirus case. The agency's first case was announced Saturday, March 14. The district had six North County firefighters ultimately tested positive for the virus.

All of the ill firefighters had mild-to-moderate symptoms, fire Capt. John Choi said.

"None of them required any type of medication, specialized medication; they all went through their course at home, self-quarantining," Choi said.

Firefighters are trying to exercise caution moving forward by wearing protective gear while working with anyone in the community who is believed to be infected, as well as changing into physical training attire while working in their respective fire stations to avoid any potential cross-contamination between the community and the fire department.

"We're keeping (the protective gear) all in the out bay so we're not transmitting anything that may be living amongst the station and transmitting it to the community, or vice versa," Choi said.

North County Fire is also performing temperature checks on all firefighters at the beginning, during and at the end of each shift.

Choi emphasized that members of the community can still count on North

County firefighters to keep them safe and respond to any and all emergencies.

"I think one of the big fears right now is that people are not calling us because they are scared of getting (COVID-19), but if they are having medical emergencies, heart attacks, strokes ... please call us," Choi said. "We are here for you."

Will Fritz can be reached by email at wfritz@reedermedia.com.

North County Fire warns drivers, pedestrians to exercise caution

Village News

The North County Fire Protection District is warning residents of the Fallbrook, Bonsall and Rainbow areas to exercise extra caution while out and about on foot and to watch for pedestrians while driving after two back-to-back accidents.

Two crashes involving pedestrians occurred on South Mission Road in Fallbrook in recent weeks, and with many people out walking amid pandemic-related stay-at-home orders, North County Fire Capt. John Choi said the fire district wanted to get ahead of the problem by getting the word out to the public.

“What we don’t want to do is start making the issue when we have four or five,” he said. “Simple messages like that could possibly save the life of a kid.”

In a Facebook post April 28, North County Fire offered safety tips to pedestrians including to avoid being distracted by using phones or other electronics while walking, make eye contact with drivers before crossing streets and wear reflective clothing at night. The fire district also warned drivers to pay more attention.

“The amount of people using local streets for exercise has, without a doubt, increased since the closures of parks and recreation areas,” the fire district said. “We have seen an increase in accidents where a pedestrian/bicyclist is hit by a motorist. Please use caution as you drive around town and be on the lookout for kids crossing driveways.”

Will Fritz can be reached by email at wfritz@reedermedia.com.

Crews battle a fire at Camp Pendleton military base in California that has burned over 145 acres

By Soo Kim On 5/19/20 at 5:26 AM EDT

A brush fire at a training area of Camp Pendleton, a U.S. Marine Corps military base in California's San Diego County, has spread to at least 145 acres.

The "forward spread [of the fire] has stopped" and 40 percent of the fire has been contained as of Tuesday morning, according to a post on the official Twitter account of Camp Pendleton.

The fire broke out Monday evening in the Mike Training Area at Marine Corps Base Camp Pendleton, a spokesperson for the base, 2nd Lt. Charlotte M. Dennis, confirmed to San Diego's NBC 7.

It is unknown whether any evacuations had taken place. The cause of the fire is under investigation.

The Camp Pendleton Fire Department is battling the fire.

The fire had blazed across eight acres by around 8 p.m. local time and 35 acres by 9:30 p.m. Firefighters reported the fire had been 20 percent contained when it spread to 50 acres by about 10:30 p.m. local time, NBC 7 reports.

There was a "slow rate of spread" by the time the fire spread to 35 acres, Camp Pendleton confirmed on Twitter.

The San Diego County Sheriff's Department warned on its official Twitter account: "If you live in @SDSO Fallbrook and @SDSOVista, be aware that smoke burning from a brush fire on Camp Pendleton may be visible in your area."

Newsweek has contacted Camp Pendleton for more information.

Orange and grey clouds of smoke were visible from distant hillsides, according to images shared by Twitter user @kevinmcclain06.

"Updated photo from 9:50pm PST. A little precipitation is starting to move in so there is a noticeable decrease in fire activity at this time," @kevinmcclain06 noted in a later post.

#CampPendelton fire visible here in Fallbrook. Such a hot day for the firefighters, hope they are safe," wrote Twitter user @CcahillCali.

Spanning more than 125,000 acres on the coast of Southern California, Camp

Pendleton is the Marine Corps' largest West Coast expeditionary training facility.

Located around 38 miles from downtown San Diego and about 82 miles south of Los Angeles, its neighboring cities include Carlsbad, Escondido, Fallbrook, Oceanside, San Clemente, San Marcos, Temecula and Vista.

Camp Pendleton contains the largest undeveloped portion of coastline in Southern California and Southern California's only free-flowing river. Its ecosystem is home to beaches, bluffs, mesas, canyons and mountains and over 1,000 species of plants, fish and animals, some of which are reported to be either threatened or endangered, according to the Camp Pendleton website.

A U.S. Marines MV-22 Osprey aircraft lands during a military exercise at Camp Pendleton in California on September 5, 2015. Getty Images

As Region Takes Steps to Reopen, Gatherings Still Not Allowed

Most San Diegans have followed the recommendations in the local Health Officer Order, allowing for the local economy to steadily reopen in sync with the state.

While some businesses have been allowed to reopen and recreational activities are occurring with some restrictions, there is one rule that remains in place: gatherings are still prohibited.

"Stage Two does not allow gatherings," said Wilma Wooten, M.D., M.P.H., County public health officer. "If people get together and they are not members of the same household, they are putting people at risk."

County officials continue to ask San Diegans to be patient and to follow the local health officer recommendations to prevent the spread COVID-19.

By continuing to practice physical distancing and using face coverings in public, San Diegans will greatly contribute to the continued reopening of the region's economy.

Drive-thru Celebrations

Since graduations are right around the corner, County officials indicated that drive-thru celebrations are permitted, provided they follow the local health guidance. That means:

- No exiting vehicles
- No open snack stands
- No open bathrooms
- No spectators
- No people in the vehicle who are not part of the same household

Where to Get a COVID-19 Test

COVID-19 testing is available through your medical provider, at local hospitals, some community clinics and private labs. If you don't have a medical provider, call 2-1-1 and they'll connect you to one.

The state's three testing sites – currently in Escondido, El Cajon and Chula Vista –are offering free testing by appointment Tuesday through Saturday. You can schedule an appointment online or by calling (888) 634-1123.

COVID-19 Testing, Cases and Deaths

Testing:

- 3,541 tests were reported to the County May 12 and 117 or 3% were positive.
- 4.9% was yesterday's 14-day, rolling average percentage of positive tests.

Cases:

- 117 new cases were reported for a San Diego County total of 5,278.
- 1,019 or 19.3% of the total cases have required hospitalization.
- 316 or 6% of all cases had to be placed in intensive care.

Deaths:

- Five COVID-19 deaths were reported today, bringing the region's total to 194. A death reported earlier was dropped because it was a duplicate case.
- Four men and one woman died between May 9-12. Their ages ranged between 56 and 97 years.
- All the people who died had existing chronic conditions.

The number of outbreaks, deaths and cases at nursing homes and other congregate living facilities are:

- 64 active outbreaks, 42 at congregate living facilities and 22 in community settings
- 1,214 cases, including 92 deaths in congregate living facilities
- 241 cases, including five deaths in community settings

More COVID-19 Information

The County's COVID-19 webpage contains additional information on the disease, including a **graph showing new positive cases and total cases reported by date.** The data is also broken down by gender, race and ethnic/race group. An **interactive dashboard** with several COVID-19 indicators is being updated daily. For more information, visit **coronavirus-sd.com**.

José A. Álvarez is a communications specialist with the County of San Diego Communications Office. Contact

Post navigation

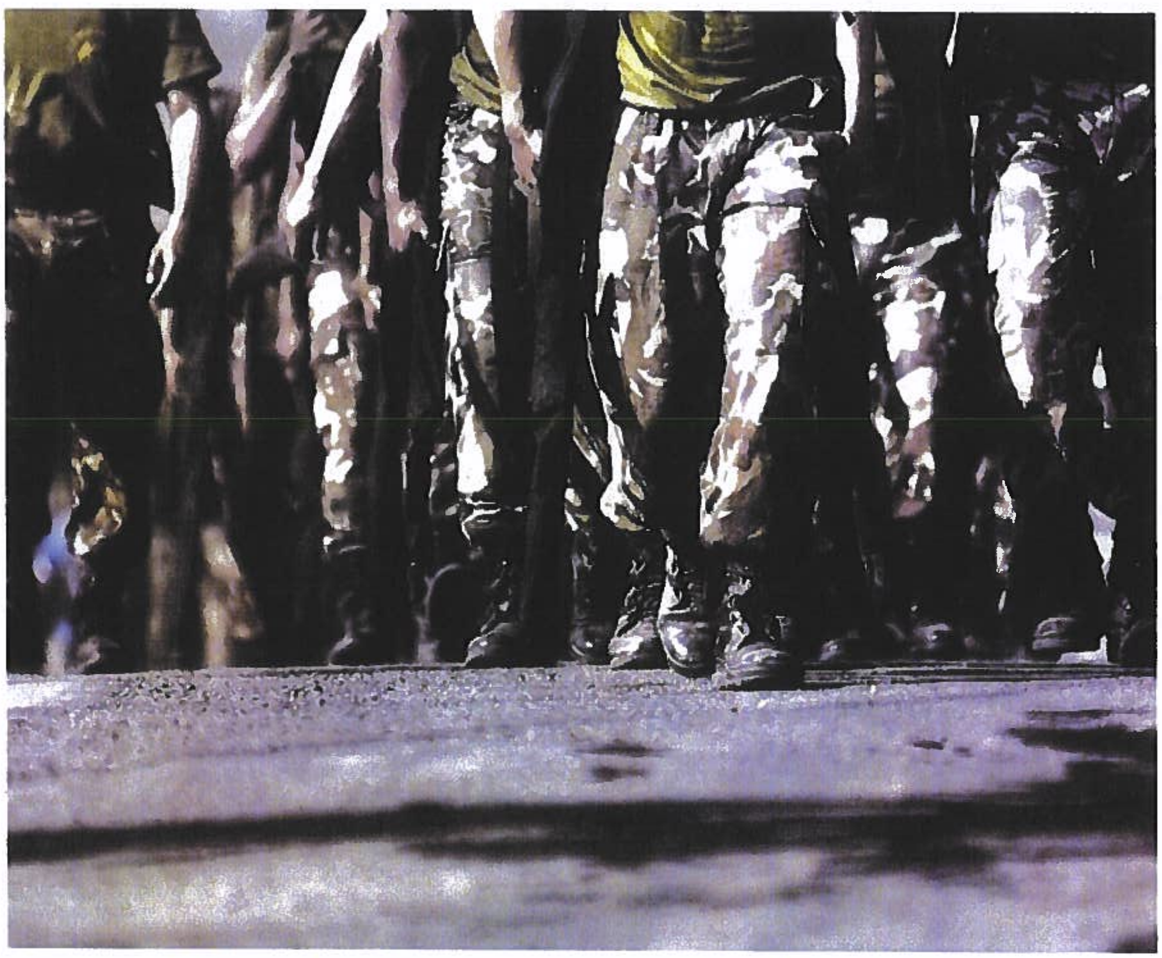
Explosive Noise, Smoke In Southwest Riverside County

politics & government

Residents in parts of Temecula, Murrieta, Wildomar, Lake Elsinore and Menifee may hear thunderous explosions, and they may see smoke.

By Toni McAllister, Patch Staff

May 12, 2020 9:20 am PT | Updated May 12, 2020 9:21 am PT



The marines are not involved in the controlled burn. (Shutterstock)

CAMP PENDLETON, CA — Training on Camp Pendleton Marine Corps Base is being heard in many parts of Southwest Riverside County Tuesday morning. In a separate operation, a controlled burn is scheduled to begin in the region.

Troops are conducting combat exercises in the Whiskey/Zulu Impact area of the base, west of Southwest Riverside County throughout the day and into the night, according to base officials. The training includes mortar and artillery fire.

The exercises are expected to last throughout the week.

Separately, Riverside County fire crews will be conducting a controlled burn along the perimeter of the Cleveland National Forest west of Murrieta Tuesday and in the ensuing days to clear 80 acres of excess vegetation, and residents and motorists were advised not to be alarmed by the smoke.

According to Cal Fire, crews are slated to carry out the prescribed burn between 7 a.m. and 1 p.m. Tuesday to Thursday at the edge of the Santa Rosa Plateau Ecological Preserve.

The operation will be concentrated close to the intersection of Cleveland Forest and Tenaja roads, and it will only go forward as long as weather conditions permit.

"The project is aimed at eliminating non-native, evasive plant species, namely Star Thistle, and (promote) habitat restoration.," according to a Cal Fire statement. "In addition to the ecological benefits, the burn will serve as fire suppression training for Cal Fire engine crews, along with California Department of Corrections and Rehabilitation inmate hand crews."

The California Department of Fish & Wildlife will be supervising the operation, which officials acknowledged will result in smoke columns that are visible from Interstate 15, Murrieta and Temecula.

Cal Fire asked the public to bear this in mind before calling to report a fire in the area.

Anyone with questions or concerns was asked to contact the county fire public information bureau at 951-940-6985.

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Replies (9)

Read more local news from

Car veers off side of De Luz Road, two seriously injured

Village News

FALLBROOK - Seven people had to be taken to local hospitals, some of them with life-threatening injuries, after the car they were riding in crashed off the side of a road Saturday afternoon on the northern edge of Fallbrook.

The crash, which happened in the 1100 block of De Luz Road, was reported to firefighters at 2:07 p.m., according to North County Fire Department spokesman John Choi.

Fire crews responded to find one person still trapped inside the car. The crews were able to rescue that person — who did not suffer any life-threatening injuries — but two other vehicle occupants were taken to Inland Valley Medical Center in Wildomar with serious injuries, Choi said. The remaining five, including the trapped person, were taken to Palomar Medical Center in Escondido.

The vehicle involved in the crash was a mid-sized sedan, according to Choi, indicating not everyone in the vehicle was wearing a seatbelt.

The cause of the crash was not immediately known.

3:15 p.m. Saturday: This story was updated with additional details on the number of victims involved in the crash and the severity of their injuries.

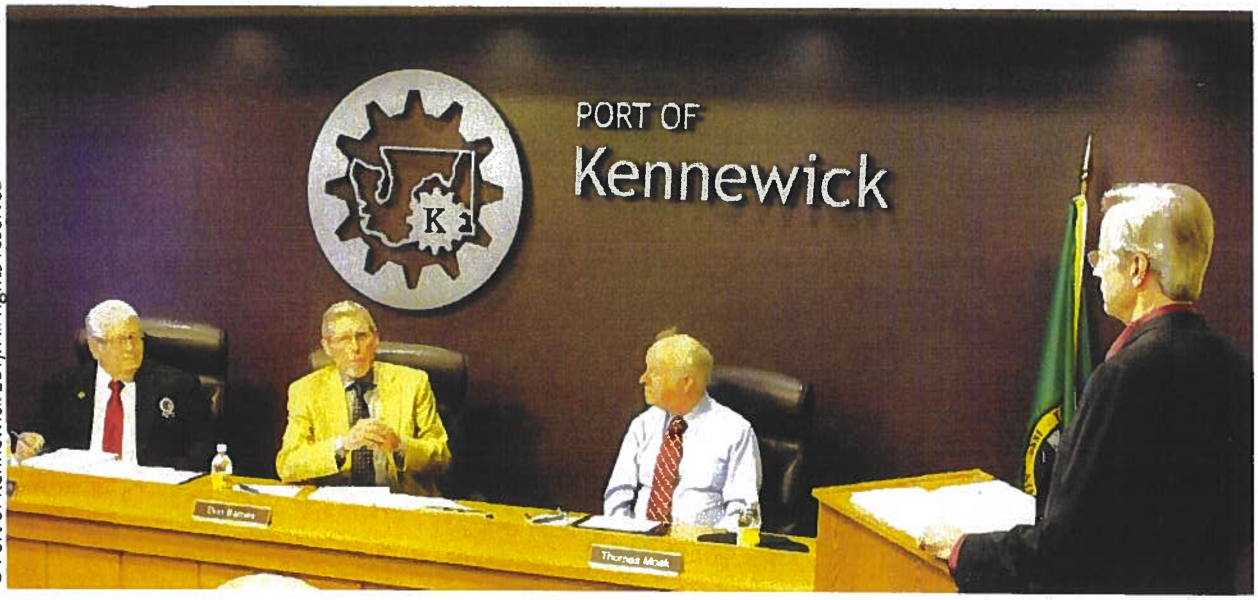
This is a breaking news story and will be updated as more information becomes available.

Will Fritz can be reached by email at wfritz@reedermedia.com.

Jurassic Parliament

Mastering meetings using Robert's Rules

Guidelines for Public Comment in Local Government



The public comment period is an essential part of local government meetings. These are our guidelines for public comment periods in local government. They refer to ordinary business and work or study meetings of councils, boards and committees. Public hearings and quasi-judicial hearings are governed by different rules.

It is important for elected officials and for the public to be very clear about the purpose of the public comment period. This is an opportunity for members of the public to inform the governing body about their views. The meeting itself belongs to the governing body. The public does not PARTICIPATE in the decision-making. Instead, it PROVIDES INPUT to the governing body, which takes the input into consideration in making its decisions.

A governmental body must craft its requirements with care in order to to preserve the free speech rights of its citizens. If questions arise about the public comment period, consult your attorney. State law and regulations and your specific bylaws or rules of procedure have higher standing than Robert's Rules of Order, other parliamentary authorities, or these guidelines.

➡ over

TIME CONSIDERATIONS

1. Establish specific periods for public comment during your meetings, in a way that is consistent with your community's expectations and customs.
2. Set a length of time by which each period will conclude, unless the council votes to extend it.
3. Set a time limit for each individual to speak.
4. Speakers may not give their time to other people.

WRITTEN GUIDELINES

5. Provide printed copies of the guidelines and expectations.
6. Review the guidelines at the beginning of each comment period if necessary, and explain that this is the time for citizens and residents to express their views in order to inform the council. Explain that the council will not engage in dialogue with the public during this time.
7. The council has the right to set limits on what subjects may be addressed, how long public comment will be, and how many times people may speak. All such limits must be viewpoint neutral: they must not favor one point of view over another.

DURING PUBLIC COMMENT

8. Check your state law as to whether you may require speakers to give their name and address.
9. Require all speakers to address their remarks to the chair.
10. Require all speakers to keep to the time limits. It is important to be consistent for the appearance of fairness. Some jurisdictions provide a visible public timer, so the speaker knows how much time is available.
11. The chair should thank each speaker, whether positive or negative.
12. In general, it is best not to respond at all to public comment. However, the chair may provide brief factual information, if appropriate. This must not degenerate into lecturing or criticism.
13. The chair must not under any circumstances enter into back-and-forth exchanges with the public. See our blog entry below for more information.
14. We recommend using surnames to address speakers. If you use first names for some speakers, use them for all.
15. Councilmembers refrain from speaking during this portion of the meeting.
16. Have staff ready to note input or questions from the public and to provide responses at a later date. Do not call on staff to give public answers on the spot.

BEHAVIORAL EXPECTATIONS

17. Model courtesy and respect and encourage members of the public to do the same.
18. The public has the right to make critical and harsh remarks. Courts have consistently found that public bodies may not require members of the public to follow the rules of decorum that apply to council members themselves. (See our blog entry below for more information on decorum rules.)
19. Members of the public do not have the right to disrupt the meeting. However, mere words most likely do not constitute a disruption in themselves. All concerned should become familiar with case law on this point, and be able to determine when conduct becomes truly disruptive.
20. The council may prohibit demonstrations (booing, hissing, clapping). These can be chilling to discourse and inhibit free speech, both on the part of the elected officials and of the public.

21. Consult with your attorney and develop an action plan for steps to take in case of disruption. The League of California Cities has excellent material available on their website. In cases of serious disruption, state law may allow you to adjourn the meeting to a different location.
22. Be very cautious about ordering a disruptive member of the public to leave the meeting. It may be advisable to give three warnings to cease from the disruptive behavior before taking any action. Consult with your attorney before doing this.

RESPONSIVENESS TO THE PUBLIC

23. The body language and manner of the chair and other elected officials are critical to running successful public comment sessions. Councilmembers should listen to each person speaking as if there were no one else in the room.
24. Councilmembers should keep an interested expression on their faces and refrain from checking electronic devices, whispering to each other, or otherwise demonstrating lack of interest in what the public is saying.
25. It is helpful to see oneself on video in order to gauge the impression given to the public. We recommend a facial expression that projects warmth and genuine interest. If a speaker is highly negative, it is appropriate to keep a neutral, serious expression. Do not frown, grimace, sigh, or roll your eyes.
26. It is vital for elected officials to be responsive to their public, and to appear responsive. Given the limitations on the public comment period, we recommend establishing other channels to connect with your public, such as community forums, personal discussions, "coffee with the mayor," a form on your website, surveys, etc.

OTHER CONSIDERATIONS

27. The council has the right to invite anyone to speak whom it wishes to hear from at other times than the public comment period. This is done by unanimous consent or a majority vote.
28. Provide clearly marked paper inviting individuals who are not heard during the public comment period due to time constraints to provide written comment for the council.
29. We recommend that detailed public comment should not be included in the minutes. It is sufficient to say, "Public comment was given." See our blog entry below for more information.

SAMPLE POLICY

- Now is the time to hear from our public. We welcome your comments which are very important to us. Note that all comments are limited to three minutes.
- As a reminder, please go to the podium to comment. It is helpful for the council if you would give us your name. Please address your remarks to the chair.
- Note that we will not be entering into dialogue at this time. The purpose of this agenda item is for YOU, the public, to inform US, the council, about your views.
- If members of the public have factual questions, staff will be glad to address them. Please speak with the executive assistant who is seated next to the dais.

More information:

- Don't get into back-and-forth exchanges during public comment
- Don't include detailed public comment in meeting minutes
- Citizen's Guide to Effective Conduct of Public Meetings
- Inappropriate remarks on local government councils

Do you have feedback on these guidelines for us? We are always eager to improve our publications. Visit our website at www.jurassicparliament.com/category/effective-local-government for much more information on local government issues. Contact us at info@jurassicparliament.com or 206-542-8422 with your suggestions. We look forward to hearing from you!

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Coronavirus Side Effect: CalPERS Drops to 60% Funded - California Globe

John says:

Gov. Gavin Newsom's coronavirus emergency management policy to shut down the economy rather than triage the vulnerable has resulted in a 10 percent investment fund loss for the California Employees Retirement System – CalPERS – from 70 to 60 percent funded. In absolute dollars this means CalPERS funding dropped from about $377 billion in October, 2019 to about $339 billion today.

A tax increase of about $2,884 per household is needed immediately just to get the Cal-PERS pension fund back to 70-percent funded. That would require an implausible estimated $16,965 (+23.8%) increase in gross income per household for the remainder of this year (May, June, July) to restore the Cal-PERS funding level to 70 percent.

CalPERS Chief Investment Officer, Yu Meng, stated the pension system was better prepared to weather the current downturn in the financial markets due to state shutdowns of the economy and stock price crash by limiting the proportion of volatile stocks in its portfolio. Current asset allocations are 50 percent stocks, 28 percent bonds, 15 percent factor-weighted stocks (aka index funds), 13 percent real estate, 8 percent private stocks and 1 percent cash.

Reportedly, even if CalPERS were able to climb back to a zero percent return this year, its funding level would drop to 66 percent. The worst-case scenario is for a 10 percent loss.

For the first nine months of the current fiscal year (July 2019 through March 2020) the CalPERS rate of return was a negative 4 percent (-4%). That means CalPERS would need to generate about a 16 percent return during the last quarter of the fiscal year (April, May, June 2020) to break even at zero percent return, which is very unlikely. The target average year-over-year rate of return to keep the fund 100 percent funded is 7 to 7.25 percent per year.

To get to 100 percent funded local and state governments would have to increase taxes by about $200 billion per year, from $153 billion today to $353 billion by about 2025; or $15,426 per household per year.

Coronavirus Crisis and Pension Crisis Getting Blurred

Large urban states with the highest coronavirus cases and deaths are all Democrat-run states and those with the lowest are Republican states (see data table below). Democrat-governed states have mandated non-essential business closures while Republican states have, generally, not done so. Democrat-run states have lower pension system funding rates (59.7 percent average) compared to Republican states (78 percent average).

As a result of California's self-caused drop in CalPERS funding levels, House Speaker and California Congresswoman Nancy Pelosi (D-San Francisco) has called for a federal bailout of states with underfunded pension funds using Coronavirus relief funds.

But Senate leader Mitch McConnell (R-Kentucky) has stated that there will be no "bailouts" of state budgets and pension systems, only virus-related relief.

Governor Phil Murphy (D) already has announced that New Jersey is "weeks away from financial disaster" and "historic public worker layoffs" without a federal government bailout. New Jersey's pension system is only 36 percent funded.

State	Party of Governor	Cases	Deaths	Percent Cases per Population	Deaths per Population	Non-Essential Business Closures
New York	**D**	**313,000**	**18,909**	**1.6%**	**0.10%**	**All**
New Jersey	**D**	**124,000**	**7,742**	**1.4%**	**0.10%**	**All reta**
Massachusetts	**D**	**66,263**	**3,846**	**1.0%**	**0.10%**	**All**
Illinois	**D**	**58,505**	**2,559**	**0.5%**	**0.02%**	**All**
CALIFORNIA	**D**	**52,197**	**2,172**	**0.1%**	**0.01%**	**All**
Pennsylvania	**D**	**48,305**	**2,418**	**0.4%**	**0.02%**	**All**
Michigan	**D**	**43,207**	**4,020**	**0.4%**	**0.04%**	**All**
Florida	**R**	**35,463**	**1,364**	**0.2%**	**0.01%**	**None**
Texas	**R**	**30,522**	**847**	**0.1%**	**0.003%**	**None**
Georgia	**R**	**29,437**	**1,243**	**0.3%**	**0.01%**	**None**
Data Source		Realclearpolitics.com April 4, 2020				Politico.c

According to U.C. Berkeley, one-half of California private sector workers have no pensions. And public pensions are about two-to-three times greater than in the private sector.

And the above does not include the underfunded California State Teacher's Retirement System (Cal-STRS), which was 65.5 percent funded as of the end of June 2019. The Cal-STRS pension fund lost $69 billion in the coronavirus stock market crash, reflecting a 10.5 percent loss.

Governor Newsom Issues Executive Order Establishing Workers' Compensation Presumption Regarding Contraction of COVID-19

Author: Gage C. Dungy & Alexander Volberding

On May 6, 2020, Governor Gavin Newsom issued [Executive Order N-62-20] establishing "*presumptive eligibility*" for workers' compensation benefits to ***any*** employee who is directed to report to their place of employment and then subsequently contracts COVID-19 during the time period between March 19 and July 5, 2020. As applied to public sector agencies, this Order covers all public employees who were designated by their respective employers as "essential employees," exempted from stay home orders, and directed to report to work since the Governor issued the stay-at-home order on March 19, 2020.

Furthermore, as this Order is now in effect and will remain operative through July 5th, to the extent the Governor's stay-at-home order is either modified or lifted to allow non-essential employees to return to work, the same rebuttable presumption would apply to these employees in the event that any such employee contracts COVID-19 after returning to work during this timeframe.

This bulletin briefly explains the State's Workers' Compensation Law, the changes to that law as a result of this Order, and the implications for public agencies as the State begins to loosen restrictions on non-essential operations.

Background on Rebuttable Presumption of Industrial Injuries

California's Workers' Compensation Law (Labor Code § 3200, *et seq.*) establishes an exclusive system of compensation for injuries or death to employees arising out of and in the course of employment, including those that result from contraction of communicable diseases.

Under these laws, an individual who sustains an injury arising out of employment, and establishes that fact in an administrative or court proceeding, will be entitled to medical treatment as well as a number of other benefits, including temporary disability, permanent disability, vocational rehabilitation, and death benefits, where applicable. These benefits are provided either through the employer's workers' compensation insurance carrier or by the agency itself, if self-insured.

Prior to the Governor's Order, while rebuttable presumptions existed for certain types of employee injuries – primarily for public safety employees –

these presumptions never applied to communicable diseases, such as COVID-19. As a result, an employee bringing a workers' compensation claim based on injuries resulting from contracting a communicable disease had the initial burden to establish that the injury arose out of and in the course of employment through the production of evidence. Failure to do so would result in the denial of such a claim.

How Does the Executive Order Change the Presumption?

Executive Order N-62-20 now changes the workers' compensation presumption for *all* employees who were directed to report to their place of employment and then contracted COVID-19 during the period between March 19 and July 5, 2020, so long as certain criteria are met. Assuming that an employee who contracts COVID-19 satisfies such criteria (as discussed in more detail below), the Order provides that "*[a]ny COVID-19-related illness of an employee shall be presumed to arise out of and in the course of employment for purposes of awarding workers' compensation benefits.*"

Effectively, the Order creates a rebuttable presumption for the claims filed by qualified employees, which the Workers' Compensation Appeals Board ("WCAB") will apply unless the employer produces sufficient evidence to rebut that presumption.

Which Employees are Potentially Covered by this New COVID-19 Presumption?

Executive Order N-62-20 covers "*employee[s who] performed labor or services at the employee's place of employment at the employer's direction*" after the issuance of the Governor's initial stay-at-home order (Executive Order N-33-20) on March 19, 2020 and going forward through July 5, 2020.

Importantly, the Order ***does not*** cover any employee - essential or non-essential whose "*place of employment*" during the covered time period was their home or residence. As a result, any employees who contracted COVID-19 between March 19 and July 5, 2020, but who remained at home and were not directed to report to work during that time – regardless of whether they were working remotely – ***would not*** qualify for this presumption.

Therefore, there is a strong incentive for public agencies to carefully consider whether to bring back to work employees who have remained at their homes since the issuance of Executive Order N-33-20. Employers who elect to require that such employees return to work must consider how to do so safely in order to minimize the potential risk of transmission of COVID-19 to such employees.

How Does a Covered Employee Qualify for the Presumption?

A covered employee who is diagnosed with or tests positive for COVID-19 will qualify for the presumption that the injury occurred in the workplace if the employee satisfies the criteria set forth below:

- The employee tested positive for or was diagnosed with COVID-19 within

14 days after a day that the employee performed labor or services at the employee's place of employment at the employer direction;

- The day on which the employee performed labor or services at the employee's place of employment at the employer direction was a day between March 19 and July 5, 2020, inclusive of those days;
- The employee's place of employment was not the employee's home or residence; and
- The diagnosis of COVID-19 was made by a physician who holds a physician and surgeon license issued by the California Medical Board, and that that diagnosis is subsequently confirmed by testing conducted within 30 days of the date of the diagnosis.

If a covered employee satisfies the above criteria, then the employee has established a rebuttable presumption that they contracted COVID-19 while at work and that the disease is an industrial injury.

Applying these criteria, the presumption would technically extend beyond the July 5, 2020 expiration date of the Order because the Order provides that it will cover an employee who tests positive for or is diagnosed with COVID-19 within 14 days after a day that the employee performed work at direction of the employer at the place of employment. Therefore, an employee who is directed to work at their place of employment on the last day of the order on July 5, 2020 and who then tests positive for COVID-19 on July 19, 2020 (14 days later) would be covered by the Order and presumed to have contracted the disease at work.

As a threshold matter, in order for an employer to have the opportunity to rebut this presumption, the employer must first reject the employee's claim for workers' compensation within 30 days of its filing. Otherwise, the claim will be presumed to be industrial in nature, absent new rebuttable evidence only discovered after the 30-day period. Employers should note that this 30-day timeframe is significantly less than the standard 90-day timeframe for other types of workers' compensation injuries.

What Workers' Compensation Benefits Apply Under the Order to a Covered Employee Who Contracts COVID-19?

A covered employee who contracts COVID-19 is eligible for temporary total disability ("TTD") benefits or Labor Code section 4850 benefits (for qualifying public safety employees) in the following manner:

- If an employee tests positive for or is diagnosed with COVID-19 on or after the date of the Order, the employee must be certified for TTD within 15 days after the initial diagnosis. Thereafter, the employee must be recertified to be TTD every 15 days for the first 45 days following diagnosis; or
- If an employee tested positive for or is diagnosed with COVID-19 prior to the date of the Order, the employee must obtain a certification within 15

days of the date of the Order documenting the period that the employee was temporarily disabled. Thereafter, the employee must be recertified to for TTD every 15 days thereafter for the first 45 days.

Such certifications must be performed by a physician who holds a physician and surgeon license issued by the California Medical Board, and may include certain designated workers' compensation physicians.

In addition, if an employer provides paid sick leave benefits specific to COVID-19 purposes pursuant to law (such as the federal Emergency Paid Sick Leave benefits) or that are contractually provided otherwise, such COVID-19 specific sick leave benefits should be used and exhausted before any TTD or 4850 benefits referenced above are applied.

Additional Provisions of Executive Order N-62-20

The Order authorizes the Department of Industrial Relations ("DIR") Division of Workers' Compensation to adopt, amend or repeal any regulations that it deems necessary to implement the Order, with such regulations being exempt from the Administrative Procedures Act ("APA") requirements. Finally, the DIR will waive collection on any death benefit payment made pursuant to Labor Code section 4706.5 arising out of claims covered by the Order.

Impacts of Executive Order N-62-20 on Public Agencies

In conclusion, the Order applies to all essential employees that a public agency has directed to report to work at any point since March 19, 2020. Such essential employees who have contracted COVID-19 to date will likely qualify for this rebuttable presumption. Agencies should work closely with their workers' compensation insurance carriers or risk management departments (if self-insured) to ensure compliance with this Order as applied to these employees.

However, and perhaps more importantly, public agencies that are or may be considering reopening their facilities and worksites to non-essential employees may wish to reconsider this position because the presumption of industrial injury will apply to all employees directed to return to work through July 5, 2020.

Even if the Governor modifies or lifts his stay-at-home order to allow such non-essential employees to return to work, this Order would remain operative such that any non-essential employee subsequently infected with COVID-19 would be entitled to the presumption that they contracted COVID-19 in the course of their employment. This presumption would apply even if the agency took all appropriate steps to ensure a healthy and safe workplace for the employee.

Therefore, public agencies should carefully examine any plans to reopen government facilities and worksite as well as those return to non-essential employees to work in light of the potential for increased exposure to workers' compensation liability.

LCW is closely monitoring legal developments related to the evolving COVID-19 situation, including several bills that have been introduced in the California Legislature concerning workers' compensation and which may affect the presumptions discussed in this bulletin. For additional information and the latest updates, visit: https://www.lcwlegal.com/responding-to-COVID-19.

North county fire measure too close to call

Zoë Strickland, Staff Writer, zoe@sonomawest.com

Initial vote tally just shy of two-thirds needed to pass fire parcel tax

The result of the Measure K parcel tax was too close to call Tuesday night, May 5. With all precincts reporting by 8:12 p.m. according to the Sonoma County Registrar of Voters, the measure had 63.26% "yes" votes, coming in just short of the 66.67% needed to pass. While all ballots for the special election are mail-in, the Registrar of Voters has until June 4 to certify election results and to count any ballots mailed by May 5, and received after.

Measure K is a parcel tax aimed at supporting better wildfire preparedness, staffing costs and equipment placement for the Northern Sonoma County Fire Protection District, which encompasses landowners in the Geyserville, Alexander Valley, Chalk Hill and Knights Valley areas. The district was formerly known as the Geyserville Fire Protection District, before it began consolidating with other local fire districts, something it continues to pursue by potentially adding the Geysers, Fitch Mountain and Sotoyome areas into the district.

The annual tax will vary depending on property types and structure uses — $160 per dwelling unit for residential structures under square feet 2,000 feet, $200 per dwelling unit for residential structures from 2,000 to 3,500 square feet, $240 per residential dwelling unit larger than 3,500 square feet, $0.11 per square foot for non-residential structures, $54 per agricultural building (up to three buildings) and $170 per parcel for vacant lands and all parcels larger than 20 acres.

If approved, the proceeds from the tax could only be used for operating, acquiring and maintaining fire suppression equipment; paying off personnel costs; and funding capital improvements.

"This is needed because our costs keep going up, we're getting asked to do more and more wildfire preparation and we're the largest (by geographic size) district in the county," fire district officer Rob Stewart told the Tribune in a mid-April interview.

The fire district anticipates that, should it pass, the measure will bring in around $650,000 annually.

There was no opposition for Measure K listed in the May 5 ballot pamphlet, and an argument in favor of the measure was signed by State Sen. Mike McGuire, Fourth District Supervisor James Gore, Geyserville businessperson Harry Bosworth, Knights Valley fire chief August Grube and north county fire chief Marshall Turbeville.

The tight fight for Measure K comes on the heels of failed Measure G, a countywide fire tax effort that fell short of being voted in by less than 2% during the March 3 election. Like Measure K, Measure G needed a two-thirds majority to pass, and inevitably brought in 64.84% "yes" votes.

"We've been fortunate to have some generous constituents over the years, but the costs are catching up to us and we're trying to be proactive," Stewart said.

NCFPD sick leave for January-March quarter up 28%

Village News

A non-voting information item presented during the April 28 North County Fire Protection District board meeting addressed overtime pay expenditures for the fiscal year's third quarter which began Jan. 1 and ended March 31. The report indicated that sick leave for the quarter was 28% higher than the sick leave for the third quarter of fiscal year 2018-2019.

During the three-month period, NCFPD employees took 1,048.5 hours of sick leave. NCFPD fire chief Steve Abbott said he doubted that the additional sick leave was caused by the NCFPD firefighters, whose duties include paramedic services, who tested positive for coronavirus.

"It appears to be routine seasonal colds and flus which are still going around," Abbott said. "They're just getting sick from routine things."

The sick leave includes firefighters who tested positive for the coronavirus.

"We had a total of six who tested positive," Abbott said. "We had one test positive initially. We tested everybody."

The additional five firefighters tested positive within a week of the first diagnosed case.

"Immediately when that started, we implemented all of the Department of Public Health workplace emergency controls," Abbott said. "Thankfully all those emergency controls that we employed are working, because we've had no other cases, and that to me is reassuring. The policies that are being recommended appear to be very effective."

The sick leave is thus attributed to regular illnesses.

"That's fairly routine," Abbott said. "The COVID-19 is adding another layer to that."

The quarterly report indicated that the district had expended 78.99% of its annual overtime budget as of March 31.

"It would had to have been sick leave," Abbott said. "We had canceled annual leave or what we called vacation leave during the first part of the crisis. We had no strike teams, no OES (Office of Emergency Services) requests."

Although no NCFPD units were dispatched for wildfires between January and March, automatic aid and mutual aid agreements with nearby fire departments include reimbursement provisions, and the district has $113,563 of outstanding reimbursements for mutual aid. Payment of that amount would reduce the net overtime expenditures to 67.40% of the budget.

As of April 28, the North County Fire Protection District coverage area had 14 active coronavirus infections.

"The number of COVID-19 cases is up slightly in this town," Abbott said.

"That's an equally if not more important concept."

The number does not include those who tested positive but have recovered.

"My plea to the community would be patience and persistence," Abbott said. "We need to be patient and persistent as a community."

Joe Naiman can be reached by email at jnaiman@reedermedia.com.

Firebreak training on Camp Pendleton is annual event

Village News

Last updated 5/7/2020 at 3:49pm

Village News/U.S. Marine Corps photos by Lance Cpl. Andrew Cortez

A heavy fire equipment operator with the California Department of Forestry and Fire Protection looks over his bulldozer during heavy equipment interagency safety training on Marine Corps Base Camp Pendleton, April 29. From April 20 to May 1, firefighters from multiple agencies trained to use heavy equipment to cut approximately 60 miles of fire breaks on Camp Pendleton in preparation for this year's fire season.

Village News/U.S. Marine Corps photos by Lance Cpl. Andrew Cortez

A heavy fire equipment operator with the California Department of Forestry and Fire Protection practices making firebreaks during heavy equipment interagency safety training on Marine Corps Base Camp Pendleton, April 29. The HEIS training is an annual event that helps different fire agencies build firebreaks and polish their skills to prevent and fight fires.

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Village News - Also serving the communities of De Luz, Rainbow, Camp Pendleton, Pala and Pauma

Big rig fire causes lane closures on southbound I-15 Monday afternoon

By Will Fritz
Staff Writer

A big rig fire closed lanes of southbound Interstate 15 near Fallbrook Monday afternoon. Village News/North County Fire Department photo

A big rig fire shut down lanes of southbound Interstate 15 near Fallbrook Monday afternoon, May 4, a fire official said.

It all began a little before 1:25 p.m., when the big rig's driver realized a rear tire was on fire and pulled over on southbound I-15 just north of Mission Road, according to North County Fire Department Capt. John Choi.

After the rig came to a stop, the entire trailer became engulfed in flames.

The driver was able to safely exit the rig, and North County fire crews arrived to put out the blaze, which extended into nearby vegetation before being contained at 1:47 p.m., Choi said.

A Cal Fire San Diego crew also assisted in stopping the blaze.

X

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Heavy equipment training helps prepare Camp Pendleton, California fire fighters

The California fire season is approaching. As the weather starts to get warmer, vegetation will start to dry and become easily flammable.

Marine Corps Base Camp Pendleton has been taking steps to prevent its vast terrain and wildlife from catching on fire and spreading to communities on and off base.

"We have been creating firebreaks that are used to break up the dirt from the vegetation," said Jeff Cunliffe-Owen, an assistant chief with the Camp Pendleton Fire Department. "In order for us to control wild land fires that usually happen on Camp Pendleton, we need to separate the two."

The CPFD brought together firefighters from local departments and CAL FIRE for two weeks of heavy equipment interagency safety training, April 20 to May 1. The firefighters trained to use heavy equipment to cut firebreaks in preparation for this year's fire season.

"For us at CAL FIRE it's a great opportunity for us to do this training on Camp Pendleton," said Marty Adams, a heavy equipment operator with CAL FIRE. "Before fire season starts we get a chance to use skills we don't use often and polish them up."

As part of the training, firefighters will cut approximately 60 miles of firebreaks. This will make a significant dent in the 165 miles CPD and Camp Pendleton's Facilities Maintenance Division need cut each year.

"Camp Pendleton had a very slow fire season last year," said Cunliffe-Owen. "There is a lot of new growth and old growth from last year that didn't get burned, but we prepare every year for it to be a bad fire season."

The Camp Pendleton fire department has also been training with CAL FIRE to map and use global positioning systems to locate firefighters in an emergency situation.

The interagency training has an additional benefit. If a fire were to ever spread off base, the Camp Pendleton firefighters have now had one more opportunity to train alongside and strengthen relationships with the men and women they will work with to protect the local community.

"We will be ready for this year's fire season, especially with all this training we have been doing," said Adams. "I've been doing this for 12 years and every year we train and refresh our skills to get ready."

Will pensions be 'on the chopping block' in recession? California Supreme Court to hear case

By David Caraccio

How will California fix its underfunded teacher pensions?

The California State Teachers' Retirement System is the largest educator pension fund in America. CalSTRS is underfunded and paying down debt.
The California State Teachers' Retirement System is the largest educator pension fund in America. CalSTRS is underfunded and paying down debt. By David Caraccio

Former Gov. Jerry Brown predicted two years ago that public pensions would be "on the chopping block" during the next economic downturn.

This week, with state and local budgets teetering amid the coronavirus outbreak, the state Supreme Court will hear arguments in a case that could determine in part whether Brown's prediction will come true.

Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association, scheduled for oral arguments Tuesday, is the next big test of the so-called California rule.

The rule is a set of legal precedents dating to the 1950s that have protected public pensions from any reductions without new and equal benefits.

Dozens of unions and associations representing employees and retirees have joined the case to try to protect pensions, while local governments and organizations representing employers have joined with the state to argue pensions may under certain circumstances be reduced for workers who haven't yet retired.

The case focuses on the pay workers receive in their last one to three years of employment, which, along with their length of public service and other factors, determines the size of their pensions.

Over the years, some public workers found creative ways to make their pensions bigger by adding pay at the end of their careers. Strategies included cashing out accrued leave balances, working hundreds of on call hours and receiving bonuses shortly before retiring.

Some local pension boards eliminated some of those tactics on their own amid the dot-com bust and the Great Recession. Brown targeted the practice, known as pension "spiking," in a broader statewide overhaul of pension law in 2012.

Brown's law, known as the Public Employees' Pension Reform Act, targeted end-of-career payments "paid to enhance a member's retirement benefit." The law said those payments couldn't figure in pension calculations for any public employees.

The Alameda County Deputy Sheriff's Association filed a lawsuit over the change in December 2012, just before the law took effect on Jan. 1, 2013.

More flexibility on California pensions

Prior to the law, deputies were able to count as pensionable extra pay for working outside normal hours, on-call pay, accumulated leave cashouts and other types of special pay. The unions argue that anyone hired before 2013 should still be able to count those payments toward their pensions.

A sentence from a 1983 California Supreme Court decision is at the heart of the association's argument.

"We have held that any modification of vested pension rights must be reasonable, must bear a material relation to the theory and successful operation of a pension system, and, when resulting in disadvantage to employees, must be accompanied by comparable new advantages," the court ruled in Allen v. Board of Administration.

The deputy sheriff's association says the word "must" is absolute and represents a "bright line" rule that helps avoid arguments over which types of pay are reasonable and which aren't.

Interpreting it otherwise, according to the association, would allow lawmakers to favor other political priorities over workers' promised benefits.

In recent years, California appellate courts have ruled otherwise, offering more flexibility so long as reductions are "reasonable." Several of those decisions were appealed and ultimately the cases were combined in the Alameda case.

Attorneys representing the State of California say the association's interpretation is far-fetched and that the California rule goes too far. In court briefings, state attorneys say the interpretation robs the Legislature of its authority over public employee compensation and its power to protect the "integrity and solvency" of public pension systems.

Schools asking for pension relief

The lawsuit centers on county-run pension systems that are independent of the largest statewide plans, the California Public Employees' Retirement System and the California State Teachers' Retirement System.

Many local governments contract with CalPERS and CalSTRS to administer their pensions. The systems are about 70 percent and 64 percent funded, respectively, falling short of what the systems would need to pay all current and future obligations.

Local governments are paying more into the systems each year under long-term plans to return them to 100 percent funding, where they stood before the Great Recession.

Those payments are growing increasingly burdensome for local governments, which have to raise taxes or cut spending elsewhere when spending on pensions goes up.

With another recession likely setting because of the coronavirus, some local governments and school districts have already announced furloughs and layoffs and are requesting pension relief from the state systems.

"At a time when taxpayers are already struggling to pay for *legitimate* pension liabilities, they should not be forced to absorb unlawfully calculated pension liabilities as well," state attorneys said in a 2018 brief.

The deputy sheriff's association allows that pensions may be reduced, as long as the reductions are accounted for in a cost-neutral way through some other benefits, when reductions suit a public purpose.

"The court must look at whether the change results in a detriment to employees and, if it does, must then determine whether the change is reasonable and necessary for an important public purpose. Saving money is not an important public purpose," association attorneys say in a legal brief.

Under emergency guidelines instituted by the court, attorneys will argue their cases Tuesday via telephone or video conference. Video of the arguments will be publicly viewable at courts.ca.gov.

Wes Venteicher anchors The Bee's popular State Worker coverage in the newspaper's Capitol Bureau. He covers taxes, pensions, unions, state spending and California government. A Montana native, he reported on health care and politics in Chicago and Pittsburgh before joining The Bee in 2018.

'A Lot Has Changed': North County Firefighters Keep Their Social Distance

Six North County Fire Protection District firefighters are healthy and back on the job after they were infected with COVID-19 earlier this year. However, they returned to a department that changed its operation.

"Since COVID-19, a lot has changed," said Captain John Choi.

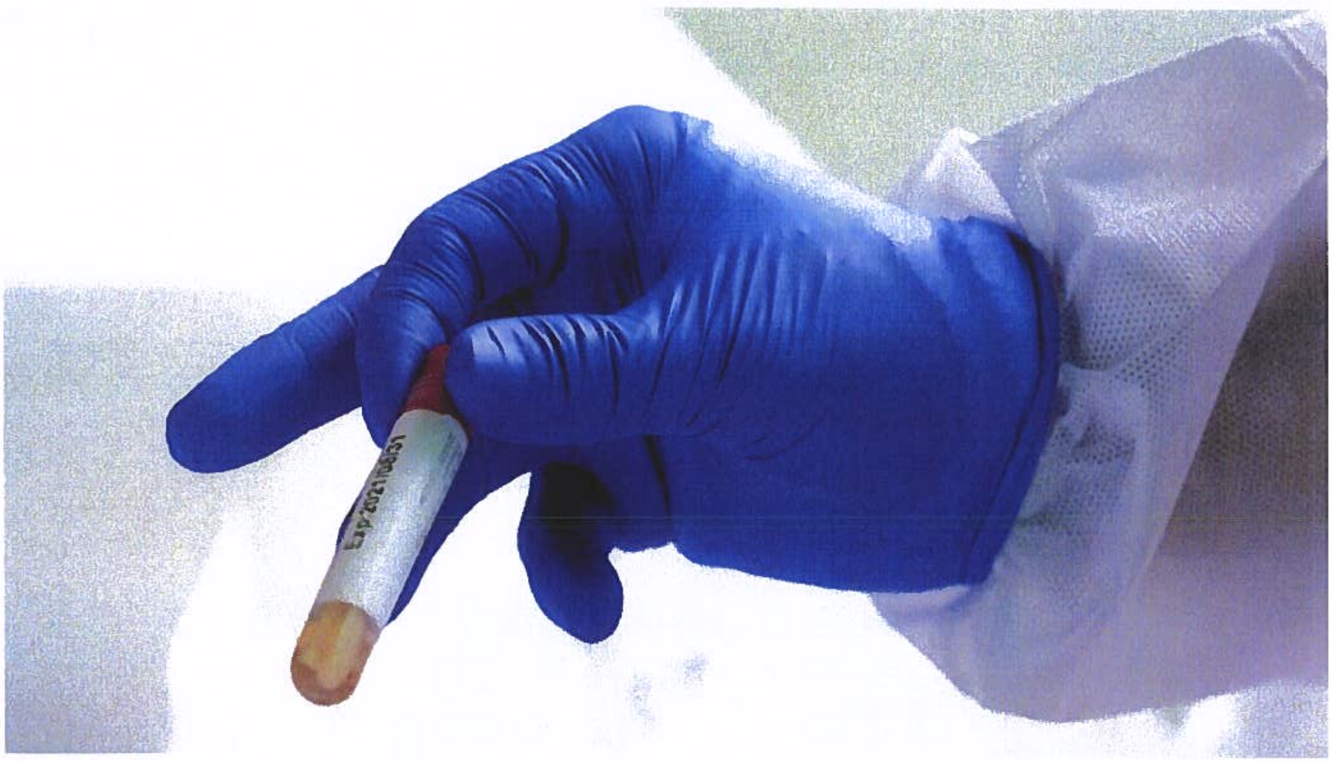
North County Fire's Public Information Officer said they changed how they operate inside and outside of the station before social distancing and other measures were mandated by the state so that no one else would be infected.

"We didn't want to infect anyone within the station and also our public that we respond to," said Captain Choi, a 13-year veteran with the District.

He said firefighters immediately began distancing themselves within North County fire stations. They took shifts in kitchens, living rooms, and during workouts.

Choi said they also change out of their uniforms when they enter the fire station.

Local



"That way we keep all the germs both in the station, in the station and out of the station, out of the station," he said.

Firefighters also wear face masks every time they leave the station.

But the social distancing efforts also means firefighters can't traditionally train for wildfires.

"We have to be really close to each other, attaching couplings, rolling out hose, pulling out hose out of the hose pack," Choi said pointing up a hill behind Fire Station 4 in Fallbrook. "So, we've gotten creative by doing pack tests within the station."

Now, firefighters take turns wearing a heavy hose pack on their back while walking three miles on a treadmill.

To help, Captain Choi said people should prepare for wildfires, too. That includes evacuating with social distancing in mind.

"Make a plan right now," he said. "You need to be contacting your relatives and your friends and having plans in place for where you're going to evacuate when we ask you to evacuate."

He said the Red Cross has evacuation shelters that usually hold 200 people.

"With social distancing, that's going to be about 50 people in each shelter," warned Choi.

He said people should also take the time now while they're at home to clear 100 feet of defensible space around their homes.

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NORTH COUNTY FIRE PROTECTION DISTRICT

FIRE CHIEF/CEO

TO: BOARD OF DIRECTORS

FROM: STEPHEN ABBOTT, FIRE CHIEF/CEO

DATE: MAY 26, 2020

SUBJECT: COMMENTS, REPORTS AND UPDATES

- **STAFF COMMENTS/REPORTS/UPDATES:**
- **STEPHEN ABBOTT, FIRE CHIEF/CEO:**
- **CHIEF OFFICERS & STAFF:**
- **BOARD:**
- **BARGAINING GROUPS:**
- **PUBLIC COMMENT:**

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North County Fire Protection District
Fire Chief/CEO

TO: Board of Directors

FROM: Stephen Abbott, Fire Chief/CEO

DATE: May 26, 2020

SUBJECT: Closed Session

CS-1. **Announcement — President Luevano:**

- *An announcement regarding the items to be discussed in Closed Session will be made prior to the commencement of Closed Session.*

CS-2. **Conference With Labor Negotiator – Government Code § 54957.6 — Management Group Negotiations – Chief Abbott:**

- NCFPD Management Group — District Negotiators: Chief Abbott, District Counsel James

CS-3. **Conference With Labor Negotiator – Government Code § 54957.6 — Non-Safety Group Negotiations – Chief Abbott:**

- FFA Non-Safety Group Negotiators — District Negotiators: Chief Abbott, District Counsel James

CS-4. **Conference With Labor Negotiator – Government Code § 54957.6 — Safety Group Negotiations – Chief Abbott:**

- FFA Safety Group Negotiators — District Negotiators: Chief Abbott, District Counsel James

CS-5. **Conference With Real Property Negotiator — Government Code § 54956.8 — DFC Marovich and Chief Abbott:**

- Property Location: 4157 Olive Hill Road, Fallbrook, CA 92028;
  Parties: North County Fire Protection District (Seller);
  Under Negotiation: Terms of Purchase;
  District Negotiators: Chief Abbott, District Counsel James

CS-6. **Report From Closed Session — President Luevano**

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