

**LA HABRA HEIGHTS COUNTY
WATER DISTRICT**

BOARD MEETING

MARCH 10, 2026

**AGENDA FOR REGULAR MEETING
BOARD OF DIRECTORS
LA HABRA HEIGHTS COUNTY WATER DISTRICT
March 10, 2026 @ 4:00 PM**

- 1. Roll call of Directors by Secretary**
- 2. Notation of staff members and others present**
- 3. Public Communications** (Comments will be limited to 3 minutes)
- 4. Directors Report – Individual, Subcommittees and/or Attended Events**
- 5. Consent Items:** It is recommended these items be acted upon simultaneously unless separate discussion or action is requested by a member of the public or a Director.
 - a. Minutes of Regular Board meeting for February 24, 2026 (approve)
- 6. Approval of warrants and authorize signatures per warrant list**
- 7. Report from Superintendent**
- 8. Report and recommendations of General Manager:**
 - a. Discuss and Approve – Resolution 26-02 District investment policy
 - b. Discuss and Approve – Revising and Extending Whittier Mobile Country Club lease
 - c. Discuss and Approve – Date for April Board meeting
- 9. Closed Session**
 - a. CONFERENCE WITH LEGAL COUNSEL - POTENTIAL INITIATION OF LITIGATION**

Significant exposure to litigation pursuant to Govt. Code § 54956.9(b):
(One case.)
- 10. Adjournment**

Any documents that are provided to the Board of Directors regarding items on this agenda less than 72 hours prior to this meeting will be available for public inspection at the front counter of the District office located at 1271 N. Hacienda Road, La Habra Heights, California 90631

MINUTES

MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS
LA HABRA HEIGHTS COUNTY WATER DISTRICT
February 24, 2026

A regular meeting of the Board of Directors of La Habra Heights County Water District was held on February 24, 2026, at 4:04 p.m., at the office of the District, located at 1271 North Hacienda Road, La Habra Heights.

Item 1. Roll call of Directors by Secretary/General Manager, Joe Matthews.

PRESENT: Directors Baroldi, Cooke, Crabb, McVicar, and Perumean

ABSENT: None

Item 2. Staff members and others present. Staff: Joe Matthews, Secretary/General Manager, Ivan Ramirez, Superintendent. Others present: Michael Silander, District Counsel and Gary Sturdivan and Deanna McMahan, SEM LLC, Shawn Harkness, CV Strategies

Item 3. Public Communications – None

Item 4. Directors Report – Individual, Subcommittees and/or Attended Events.

Director McVicar commented on communications with residents regarding District meter testing and about a resident's leak on Greenview.

Item 5.a. and 5.b. Minutes of Regular Board meeting for January 27, 2026 and Financial Reports – January 2026. After discussion, there was a motion by Director McVicar and seconded by Director Baroldi to approve minutes. The vote was as follows:

AYES: Directors Baroldi, Cooke, Crabb, McVicar, and Perumean

NOES: None

ABSENT: None

Item 6. Approval of warrants and authorized signatures per warrant list. After discussion, there was a motion made by Director McVicar and seconded by Director Baroldi that warrant numbers 48425 through 48491 in the amount of \$263,610.15 and EFT transfers in the amount of \$13,930.87 be approved and signatures be authorized. The vote was as follows:

AYES: Directors Baroldi, Cooke, Crabb, McVicar, and Perumean

NOES: None

ABSENT: None

Item 7. Report of Superintendent. The Superintendent reviewed the Superintendent's Report for January 2026.

Item 8.a. Discuss and approve – Resolution 26-01 Adopt Revised Local Hazard Mitigation Plan including any CalOES or FEMA required changes for acceptance. After discussion, there was a motion by Director McVicar to approve the Resolution with corrected spelling on page 74 of the Local Hazard Mitigation Plan and seconded by Director Perumean.

The vote was as follows:

AYES: Directors Baroldi, Cooke, Crabb, McVicar, and Perumean

NOES: None

ABSENT: None

Item 8.b. Discuss and approve Civiltec Engineering's proposal for raising two fire hydrants on Hacienda Road to street level. After discussion, there was no action.

(Director Baroldi left the meeting, between items 8.b. and 8.c.)

Item 8.c. Discuss and approve – Emerson annual SCADA software support contract renewal. After discussion, there was a motion by Director McVicar with direction for staff to pursue a multiyear agreement in the future and seconded by Director Perumean. The vote was as follows:

AYES: Directors Cooke, Crabb, McVicar, and Perumean

NOES: None

ABSENT: Director Baroldi

Item 8.d. Discuss and Approve- March Board meeting to be held March 10, 2026, at 4:00 pm. After discussion there was a motion by Director McVicar and seconded by Director Perumean. The vote was as follows:

AYES: Directors Cooke, Crabb, McVicar, and Perumean

NOES: None

ABSENT: Director Baroldi

Item 8.e. Report – Summary of mainline leak at 1760 West Road on January 31, 2026. The General Manager provided a report.

Item 8.f. Report – Reservoir 10A warranty work progress. The General Manager provided a report.

Item 8.g. Report – Monthly PFAS update. The General Manager provided a report.

(Entered closed session 5:54 p.m.)

Item 9.a. CONFERENCE WITH LEGAL COUNSEL - POTENTIAL INITIATION OF LITIGATION Significant exposure to litigation pursuant to Govt. Code § 54956.9(b): One case. No reportable action was taken.

(Adjourned closed session at 6:45 p.m.)

Item 10. There being no further business to come before the Board, a motion was made by Director Cooke and seconded by Director McVicar that the meeting be adjourned at 6:52 p.m. The vote was as follows:

AYES: Directors Cooke, Crabb, McVicar, and Perumean

NOES: None

ABSENT: Director Baroldi

Dated: March 10, 2026

Brad Cooke, President

(SEAL)

Joe Matthews, Secretary

WARRANTS

La Habra Heights County Water District
AP Check Register (Current by Bank)

Check No.	Date	Status*	Vendor ID	Payee Name	Amount
-----------	------	---------	-----------	------------	--------

BANK ID: 13100 - EFT TRANSFERS

1003171068	02/25/26	M	0130	CALPERS	\$5,217.91
1003171069	02/25/26	M	0130	CALPERS	\$2,064.14
BANK 13100 REGISTER TOTAL:					\$7,282.05

BANK ID: 13110 - CHECKING- WELLS FARGO

48492	03/02/26	P	0588	CARDMEMBER SERVICE	\$9,934.90
48493	03/03/26	P	0116	ACWA-JPIA	\$19,776.22
48494	03/03/26	P	0385	ADMIRAL PEST CONTROL	\$203.00
48495	03/03/26	P	0471	ALEXANDER'S METER READING SOL	\$185.07
48496	03/03/26	P	0353	ARCO BUSINESS SOLUTIONS	\$2,109.03
48497	03/03/26	P	0146	AWWA	\$539.00
48498	03/03/26	P	0013	CANNINGS HARDWARE	\$264.97
48499	03/03/26	P	0014	CENTRAL BASIN MWD	\$12,711.75
48500	03/03/26	P	0441	CINTAS CORPORATION	\$37.96
48501	03/03/26	P	0145	CIVILTEC ENGINEERING INC	\$27,092.50
48502	03/03/26	P	0558	CONEXWEST	\$227.29
48503	03/03/26	P	0197	DELTA MOTOR CO, INC	\$7,891.13
48504	03/03/26	P	0164	EXCEL TELEMESSAGING	\$160.00
48505	03/03/26	P	0519	GK CONSULTING	\$845.00
48506	03/03/26	P	0569	GOTO COMMUNICATIONS, INC.	\$351.79
48507	03/03/26	P	0099	GRAINGER INC	\$92.04
48508	03/03/26	P	0108	HASCO OIL COMPANY INC	\$1,204.64
48509	03/03/26	P	0369	HIGHROAD INFO TECHNOLOGY	\$25,560.64
48510	03/03/26	P	0602	INTERSTATE BILLING SERVICE	\$350.00
48511	03/03/26	P	0447	IVAN RAMIREZ	\$250.00
48512	03/03/26	P	0545	J. RODRIGUEZ TREE CARE MAINT.	\$1,500.00
48513	03/03/26	P	0205	JOE MATTHEWS	\$1,943.20
48514	03/03/26	P	0051	LINCOLN FINANCIAL GROUP	\$3,387.74
48515	03/03/26	P	0430	MICHAEL SILANDER	\$3,250.00
48516	03/03/26	P	0174	MICHELLE PEREZ	\$10.97
48517	03/03/26	P	0503	MICHELLE SAVAGE	\$213.60
48518	03/03/26	P	0576	NAKAE & ASSOCIATES, INC.	\$972.50
48519	03/03/26	P	0534	ODP BUSINESS SOLUTIONS, LLC.	\$81.51
48520	03/03/26	P	0258	S&J SUPPLY CO, INC	\$4,441.09
48521	03/03/26	P	0147	SAN GABRIEL VALLEY WATER CO	\$312.04
48522	03/03/26	P	0069	SOCALGAS	\$49.71
48523	03/03/26	P	0068	SOUTHERN CALIF EDISON CO	\$13,073.32
48524	03/03/26	P	0466	TRI COUNTY PUMP COMPANY	\$8,869.40
48525	03/03/26	P	0078	UNDERGROUND SERVICE ALERT	\$141.15
48526	03/03/26	P	0562	VERIZON	\$513.19
48527	03/03/26	P	0386	VERIZON WIRELESS	\$1,115.02
48528	03/03/26	P	0094	WECK LABORATORIES, INC	\$1,031.00
BANK 13110 REGISTER TOTAL:					\$150,692.37
GRAND TOTAL :					\$157,974.42

* Check Status Types: "P" - Printed ; "M" - Manual ; "V" - Void (Void Date); "A" - Application; "E" - EFT** Denotes broken check sequence.

Credit Card Transactions

ACCOUNT ACTIVITY

Date of Transaction	Merchant Name or Transaction Description	\$Amount
01/27	- Payment Thank You Image Check	-2,619.69
01/14	- EB*CBWA-QUARTERLY MEM 801-413-7200 CA- Luncheon meeting for Joe	25.00
01/14	- EB*CBWA-QUARTERLY MEM 801-413-7200 CA- Luncheon meeting for Ivan	25.00
01/27	- AATRIX SOFTWARE LLC 701-746-6814 GA - 1099-Efile transfer Service	95.63
01/28	- AATRIX SOFTWARE LLC 701-746-6814 GA - 1099-Efile transfer Service	18.99
01/29	- IN*VVISI CONTRACTING 714-5024281 CA - Drywall installation deposit for office upgrade	6,286.40
01/31	- ALBERTSONS #0158 LA HABRA CA - Bleach purchase for repair at 1760 West Rd.	13.03
02/09	- AATRIX SOFTWARE LLC 701-746-6814 GA - 1099-Efile transfer Service	18.99
02/09	- ACWA EVENT REGISTRATION 916-4414545 CA - Conference registration for Joe	595.00
02/09	- RES* SHERATONGR HOTELPLANNER, FL - Joe's hotel reservations for ACWA	2,491.48
02/11	- SOUTHWES 5262129855203 800-435-9792 TX - Joe's airfare for ACWA	274.80
02/09	- SWA*PREMSREAT5264311648602 800435-9792 TX - Joe's airfare for ACWA	61.00
02/10	- THE HOME DEPOT 6657 LA HABRA CA - Machine cable purchase for office	29.58



Civil, Water, Wastewater, Drainage and Transportation Engineering
Construction Management • Surveying
California • Arizona

February 24, 2026

La Habra Heights County Water District
1271 North Hacienda Road
La Habra Heights, CA 90631

Attention: Joe Matthews, General Manager

Subject: Engineering Activities for the Month of **January 2026**
Invoice Backup Support - Billing Period through January 31, 2026

ok to pay


Dear Mr. Matthews:

The La Habra Heights County Water District requires Engineering Support from **CIVILTEC engineering, inc. (Civiltec)** at times on various projects. This work is provided on a time and materials basis when requested and directed by LHHCWD management. Following is an explanation of time spent backing up the **January 2026** invoicing. The numbering system is the **Civiltec** project number and tracking system.

2025143.00 – General Engineering Support FY25-26. This project has been established to aid the District in general engineering inquiries, participate in meetings, hydraulic modeling and calibration and overall engineering support. The total budget for General Engineering Support has been established at \$25,000.00 for each Fiscal Year. Below is an accounting of expenditures under this **Civiltec** job number for FY 2025-26.

The District has requested development of a new standard drawing for fire hydrant retaining wall enclosures. We have designed these enclosures for hillside embankments on specific design projects in the past. This new standard will be versatile in that it can be applied to all embankment installations between 2-feet and 6-feet in wall height. Wall heights of greater than 6-feet are required to be designed by the California Building Code to comply with site specific seismic design parameters. The new standard is 95% complete. It will be issued for review in February 2026. David assisted the District with a slope issue on Fullerton Road where relocation of a fire hydrant relocation was discussed. David is also assisting the District with possible relocation of fire hydrants on Hacienda Road and a leak on West Road. There were expenditures in January 2026 of \$5,197.50. The remaining budget is \$14,563.75.

2025144.00 – Engineering Fire flow Modeling FY25-26. This project has been established to aid the District with computer model simulations for fire flow requests by LHHCWD customers. Below is an accounting of expenditures under this **Civiltec** job number for FY 2025-26.



There were expenditures in the month of January 2026 totaling \$600.00. We have set up project numbers per fire flow simulation. We are using this main number 2025144 and have put on extensions starting with .01 for the first request.

2025144.12 Fire Flow Modeling – 1460 Hidden Canyon Rd. \$600.00 ✓

2022169.00 – Well No. 12 Well Siting Study. LHHWCWD plans to drill a new well in the Judson Well Field. The overall budget for the project is \$157,770.00. There were no expenditures in January 2026. The District is currently considering the destruction of Well No. 9 and civil improvements to the Well No. 9 discharge pit. The remaining budget is \$27,946.50.

2024807.00 – PFAS Grant Application. LHHWCWD is working with WRD to secure grant funding for a new PFAS Treatment Plant. Grace Kast is preparing the grant funding applications to WRD and assisting with the EPA grant. *Civiltec* staff is supporting Ms. Kast with as needed cost estimating and preparing exhibits. The budget established for the *Civiltec* effort is \$15,915.00. There were no expenditures in the month of January 2026. The remaining budget is \$906.25.

2024814.00 – PFAS Treatment Plant Design. We have stopped the development of the final design documents until proposals from treatment systems suppliers are received, a supplier selected, and supplier equipment data sheets obtained. This approach will allow the project team to have in hand the supplier's equipment submittals for incorporation into the final design documents and the procurement schedule which will provide the ability to better forecast the required timing of obtaining a general contractor for installation. We are on standby awaiting the District's decision to move forward with the RFP. The budget established for the *Civiltec* effort is \$421,360.00. There were no expenditures in the month of January 2026 totaling. The remaining budget is \$111,427.00.

2023149.00 – Reservoir 10A Rehabilitation. The Reservoir 10A project is complete and was placed into service in mid January 2024. The Notice of Completion has been signed by all parties and was recorded in January 2024. The overall budget is \$147,930.00. The one-year warranty inspection has been completed by Dive Corr. J. Colon has mobilized to the site to begin the coatings repair following a weather delay. *Civiltec* is coordinating the work. There were expenditures in the month of January 2026 totaling \$882.50. The remaining budget is \$929.65.

2025335.00 – AWIA Risk and Resiliency Assessment. An AWIA Risk and Resiliency Assessment (RRA) is a federally required evaluation that drinking water utilities must complete under the America's Water Infrastructure Act of 2018 (AWIA). Its purpose is to help utilities identify risks, assess vulnerabilities, and strengthen resilience against both intentional attacks and natural or man-made hazards. Gretel Ochoa-Nhac, PE, and her team are performing this assessment and the work is complete. The District has been given instructions on how to upload the assessment prior to June 30, 2026. The overall budget for the project is \$9,840.00. There were expenditures of \$7,030.00 in January 2026. There is no remaining budget.

La Habra Heights County Water District
Mr. Joe Matthews, General Manager
Engineering Activity Report for January 2026
February 24, 2026
Page 3



2026101.00 – Plant 1 Structural and Electrical Analysis. LHCWD plans to assess the structural condition of the Plant 1 Forebay and deck where the pumps and electrical gear is located. The existing motor control center and switch gear are also being assessed. The goal of the study is to determine the scope of the necessary upgrade work that will be designed and constructed in another phase. The *Civiltec* team has begun the initial work on the study and is staging up the geotechnical investigation which will provide current design parameters. Our Survey Manager has completed the assembly of the parcel and easement maps, so we have a better understanding of the land area available to the District. The map has been issued to the District for review. The overall budget for the project is \$153,490.00. There were expenditures of \$10,933.75 in January 2026. The remaining budget is \$142,556.25.

2026102.00 – Gualtieri Reservoir Seismic Analysis. LHCWD plans to rehabilitate the Reservoir based upon a Harper dive report. In this phase, the tank's seismic stability and structural condition are being assessed. The goal of the study is to determine the scope of the rehabilitation work that will be designed and constructed in another phase. The *Civiltec* team has begun the initial work on the study and is staging up the geotechnical investigation which will provide current seismic design parameters. The overall budget for the project is \$85,585.00. There were expenditures of \$2,448.75 in January 2026. The remaining budget is \$83,136.25.

I hope this information helps with your processing of the project invoices. Please let me know if you have any questions.

Very truly yours,

CIVILTEC engineering, inc.

A handwritten signature in black ink, appearing to read 'W. David Byrum', is written over a horizontal line.

W. David Byrum, P.E.
President/CEO, Principal Engineer

X:\Agency\CA\Water District\LaHabraHeightsCo\WD\Engineering Backups\La Habra Heights CWD January 2026 Work.docx

Michael Silander

Attorney at Law

3625 E. Thousand Oaks Blvd., Suite 224
Westlake Village, CA 91362

INVOICE

DATE: MARCH 1, 2026

TO:

La Habra Heights County Water District
1271 Hacienda Road
La Habra Heights, CA 90631

PLEASE REMIT PAYMENT TO:

Michael Silander
3625 E. Thousand Oaks Blvd., Suite 224
Westlake Village, CA 91362

SPECIFICATIONS:

LHHCWD/TOTAL

Invoice for legal services rendered in February 2026.



MATTER	HOURS	AMOUNT
Transactional - General	16.0	\$2,000.00
Retainer	Flat fee	\$1,250.00
		TOTAL: \$3,250.00

Please make all checks payable to Michael Silander
If you have any questions concerning this invoice,
please email michael@silanderlaw.com or call 805-490-9247

SUPERINTENDENT'S REPORT

LA HABRA HEIGHTS COUNTY WATER DISTRICT

MEMORANDUM

DATE: 3/5/26

**TO: JOE MATTHEWS, GENERAL MANAGER
& BOARD OF DIRECTORS**

FROM: IVAN RAMIREZ, SUPERINTENDENT

SUBJECT: SUPERINTENDENT'S REPORT FOR FEBRUARY 2026

System and Equipment Maintenance

- Repaired a two-inch leaking air vent on El Terraza and installed five Advanced Metering Infrastructure (AMI) smart meters to test cellular signal connectivity.

- Civiltec completed the seismic tests at MG Reservoir and Plant 1.

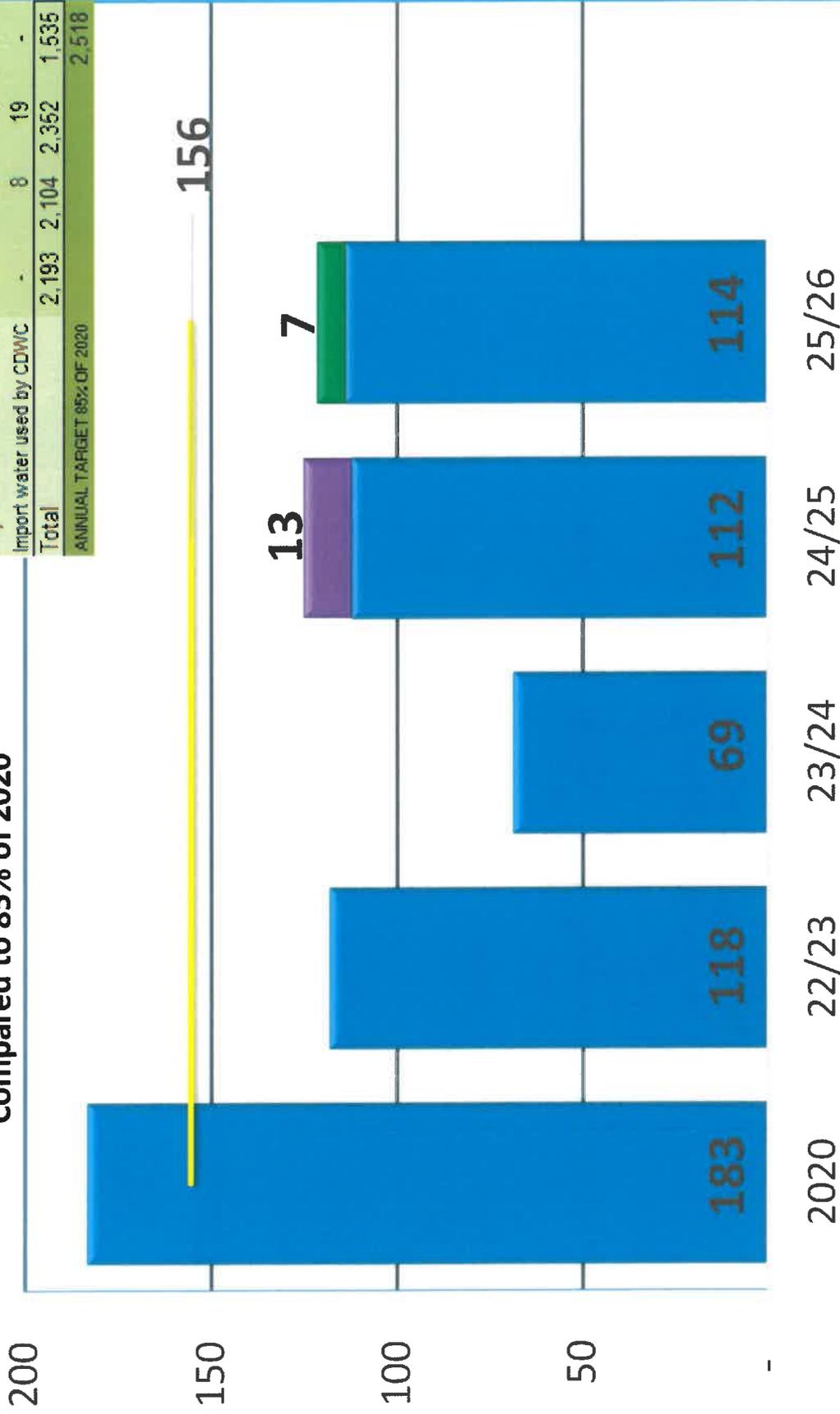
- Well #10's motor was installed after motor repairs and found a new problem upon start up. Our electrician is waiting for the parts needed to complete the repair and restore the system.

- Reservoir 10A is back online after the coating warranty repairs.

LA HABRA HEIGHTS COUNTY WATER DISTRICT

Production in acre feet for **FEBRUARY**

Compared to **85% of 2020**



ANNUAL WATER USAGE					
Water Source	2022/2023	2023/2024	2024/2025	2024/2025 THRU FEB	2025/26 THRU FEB
Groundwater	2,193	2,083	2,332	1,507	1,507
Import	-	13	1	1	28
Import water used by CDWC	-	8	19	-	-
Total	2,193	2,104	2,352	1,535	1,535
ANNUAL TARGET 85% OF 2020					
					2,518

- Import
- Import water used by California Domestic Water Company from District's Central Basin Municipal Water District connection
- Groundwater
- 85% of 2020 Month Target

DISCUSS AND APPROVE

**RESOLUTION 26-02 DISTRICT
INVESTMENT POLICY**

LA HABRA HEIGHTS COUNTY WATER DISTRICT

MEMORANDUM

To: Joe Matthews
From: Tammy Wagstaff
Date: March 4, 2026
RE: 2026 Investment Policy Resolution



The investment policy has been updated for minor changes in the Government Code. This is presented as an annual requirement to review the investment policy.

RESOLUTION NO. 26-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF
LA HABRA HEIGHTS COUNTY WATER DISTRICT
APPROVING AN ANNUAL STATEMENT
OF INVESTMENT POLICY FOR THE
LA HABRA HEIGHTS COUNTY WATER DISTRICT

WHEREAS; the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) Sections 53600.6 and 53630.1); and

WHEREAS; the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 53600 et seq.; and

WHEREAS; the Treasurer of the La Habra Heights County Water District may, annually prepare and submit a statement of investment policy as required by CGC 53646;

NOW THEREFORE, be it resolved by the Board of Directors of the La Habra Heights County Water District as follows:

1. Resolution No. 25-01 is rescinded.
2. The La Habra Heights County Water District Investment Policy, which is attached hereto as Exhibit "A", is hereby adopted.

ADOPTED, SIGNED AND APPROVED this 10th day of March 2026.

Brad Cooke, President
Board of Directors of the La Habra
Heights County Water District

ATTEST:

Joe Matthews, Secretary

(SEAL)

I, JOE MATTHEWS, Secretary to the Board of Directors of the La Habra Heights County Water District, do hereby certify that the foregoing Resolution was introduced at a regular meeting of the Board of Directors of said District held on the 10th day of March 2026, and was adopted at that meeting by the following vote:

AYES:

NOES:

ABSENT:

Joe Matthews, Secretary
Board of Directors of the
La Habra Heights County
Water District

Exhibit A

LA HABRA HEIGHTS COUNTY WATER DISTRICT INVESTMENT POLICY

1.0 SCOPE

This investment policy applies to all financial assets of the La Habra Heights County Water District (District). These funds are accounted for in the District annual audit.

Funds not included in the investment policy include deferred compensation funds and the District's retirement plan for its employees.

This investment policy is set forth by the District for the following purposes:

- A. To establish a clear understanding for the Board of Directors (Board), Investment Subcommittee, District management and responsible employees, citizens and third parties, of the objectives, policies and guidelines for the investment of District's excess funds that are not required for immediate use.
- B. To offer guidance to investment staff, brokers and any external investment advisors on the investment of District funds.

2.0 PRUDENCE

The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code (CGC) Section 53600.3), which states in relevant part:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

Investment officials acting in accordance with the investment procedures and policy and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion to the Board and appropriate action is taken to control adverse developments.

3.0 OBJECTIVES

Subject to the overriding requirement of compliance with all Federal, State and other applicable laws governing the investment of moneys under the control of the District Treasurer, and, as specified in CGC Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing District funds, the primary objectives, in priority order, of the investment activities shall be:

- A. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is advisable in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Each investment transaction shall seek to ensure that capital losses are avoided, whether from issuer default, broker/dealer default or erosion of market value. District shall seek to preserve capital by mitigating credit risk and market risk, as identified below:

1. Credit risk is the risk of loss due to failure of the issuer to repay an obligation. It shall be mitigated by investing in only very safe institutions and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm District's cash flow.
2. Market risk is the risk of market value fluctuations due to overall changes in the general level of interest rates and shall be mitigated by:
 - a) Structuring the investment portfolio so that securities mature at the same time major cash outflows occur, thereby eliminating the need to sell securities prior to their maturity; and
 - b) Prohibiting the selling of securities that District does not own (taking short positions); and
 - c) Limiting the maximum maturity of any one security in the investment portfolio to five years.

It is explicitly recognized that in a diversified investment portfolio occasional market value losses may be inevitable even in investments to be held to maturity. Such losses must be considered within the context of overall investment return.

- B. **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the District to meet all operating and emergency requirements which might be reasonably anticipated.

- C. **Return on Investments:** State law requires that the objective of return on investments be subordinate to the objectives of safety and liquidity. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics and requirements of District funds and portfolio.

4.0 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from CGC Section 53607 which authorizes the Board to delegate authority to invest, reinvest, sell or exchange securities for a period of one year. This responsibility for the investment program may be delegated to the District Treasurer (by Board action) who shall establish procedures for the administration of this investment program. The Board may renew this delegation pursuant to State law each year.

Furthermore, the Board delegates responsibility for the purchase of United States Treasuries and Certificates of Deposit to the Investment Subcommittee, by Board action. The Board establishes and authorizes the Investment Subcommittee as to the amount of monies to invest and what financial institution to use.

Authority to initiate investment transactions may be delegated to the General Manager and/or Treasurer by the Investment Subcommittee in writing. Investment Subcommittee will give direction to General Manager and/or Treasurer the amount, interest rate level and term of investment as a general direction for investing in United States Treasuries and Certificates of Deposit. It is preferred that the investments be purchased in various maturities such that they mature on different laddered dates (ie, three month and six month maturities).

5.0 ETHICS AND CONFLICTS OF INTEREST

Board, Officers and employees involved in the investment process shall refrain from personal business activity that could conflict or appear to conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

6.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

District shall transact business only with commercial banks, savings and loans, Local Agency Investment Fund (LAIF) and registered investment securities dealers. The purchase of any investment, other than those purchased directly from the issuer, shall be purchased either from an institution licensed by the State of California (State) as a broker-dealer, as defined in Section 25004 of the Corporations Code, who is a member of the National Association of Securities Dealers, or a member of a Federally regulated securities exchange, a National or

State-Chartered Bank, or a saving association or Federal Association (as defined by Section 5102 of the Financial Code).

The District Treasurer shall investigate all institutions that wish to do business with District in order to determine if they are adequately capitalized, make markets in securities appropriate to District's needs and agree to abide by the conditions set forth in this investment policy.

The District Treasurer shall maintain a list of financial institutions authorized to provide investment services and shall conduct an annual review of the financial condition of qualified institutions. In addition, a current financial statement is required to be on file for each qualified institution.

7.0 AUTHORIZED AND SUITABLE INVESTMENTS

The District can only invest in the instruments authorized by law including those listed in the CGC Sections 16429.1, 53601, 53635 and 53649.

Also, see CGC Section 53601 for a detailed summary of the limitations and special conditions that apply to investment securities. CGC Sections 53601(Exhibit A-1) effective January 1, 2023, is attached and included by reference in this investment policy.

Prohibited Investments.

- Borrowing for investment purposes (Leverage) is prohibited.
- Buying or selling securities "on Margin" is prohibited.
- Investing in any instrument that is commonly known as a "derivative" instrument (options, futures, swaps, caps, floors, collars, U.S. Treasury zero coupon bonds, U.S. Treasury strips, interest only bonds, interest-only strips derived from mortgage pools), or any investment that may result in a zero interest accrual, even if held to maturity, is prohibited.
- Under the provisions of CGC Sections 53601.6, District shall not invest any funds covered by this investment program in instruments known as structured notes (e.g., inverse floaters, range notes, or mortgage-derived, interest only strips) except as allowed in 53601.6(b)(2). Any such investments are prohibited.
- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.

8.0 COLLATERALIZATION

The CGC Sections 53652 through 53667, inclusive, requires depositories to post certain types and levels of collateral for public funds above the Federal Deposit Insurance Corporation (FDIC) insurance amounts. The collateral requirements apply to bank deposits, both active (checking and savings accounts) and inactive (non-negotiable time certificates of deposit).

9.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by the District shall be conducted on delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian, acting as an agent for District under the terms of the custody agreement, designated by the District Treasurer and evidenced by safekeeping receipts.

10.0 DIVERSIFICATION

The District will diversify its investments by security type and institution. It is the investment policy of the District to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- A. Maturity dates of portfolio shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.
- B. Maturities selected shall provide for stability of income and liquidity.
- C. Disbursement and payroll dates shall be covered through maturities investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.

11.0 REPORTING

The District Treasurer shall submit to each member of the Board and General Manager a quarterly investment report. The report shall include a complete description of the portfolio, the type of investments, the issuers name, maturity dates, acquisition and current market values of each component of the portfolio, including funds managed for District by third party contracted managers. The report will also include the source of the portfolio valuation.

For local agency investments that have been placed in the LAIF, created by Section 16429.1, in National Credit Union Share Insurance Fund-insured accounts in a credit union, in accounts insured or guaranteed pursuant to Section 14858 of the Financial Code, or in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the District Treasurer may supply the Board the most recent statement or statements received by the District from these institutions in lieu of the specific investment, security, and money information required under this section.

The report must also include a certification, required by CGC Sections 53646(b) (2) and (3), that:

- A. All investment actions executed since the last report have been made in full compliance with the investment policy or an explanation as to why it is not in compliance.
- B. The District will meet its expenditure obligations for the next six months.

12.0 INVESTMENT POLICY ADOPTION

The Investment Policy of the District may be reviewed and modifications approved by the Board annually at a public meeting (CGC Sections 53646(a)).

EXHIBIT A-1

GOVERNMENT CODE - GOV

TITLE 5. LOCAL AGENCIES [50001 - 57607]

(Title 5 added by Stats. 1949, Ch. 81.)

DIVISION 2. CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 55821]

(Division 2 added by Stats. 1949, Ch. 81.)

PART 1. POWERS AND DUTIES COMMON TO CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 54999.7]

(Part 1 added by Stats. 1949, Ch. 81.)

CHAPTER 4. Financial Affairs [53600 - 53997]

(Chapter 4 added by Stats. 1949, Ch. 81.)

ARTICLE 1. Investment of Surplus [53600 - 53610]

(Article 1 added by Stats. 1949, Ch. 81.)

53601.

This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. For purposes of compliance with this section, an investment's term or remaining maturity shall be measured from the settlement date to final maturity. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

- (a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.
- (b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- (c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.
- (d) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.
- (e) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.
- (f) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- (g) Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days' maturity or 40 percent of the agency's moneys that may be invested pursuant to this section. However, no more than

EXHIBIT A-1

30 percent of the agency's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing moneys in its treasury in a manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(h) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) The entity meets the following criteria:

(A) Is organized and operating in the United States as a general corporation.

(B) Has total assets in excess of five hundred million dollars (\$500,000,000).

(C) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.

(2) The entity meets the following criteria:

(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

(B) Has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.

(C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 397 days or less. Local agencies, other than counties or a city and county, that have less than one hundred million dollars (\$100,000,000) of investment assets under management, may invest no more than 25 percent of their moneys in eligible commercial paper. Local agencies, other than counties or a city and county, that have one hundred million dollars (\$100,000,000) or more of investment assets under management may invest no more than 40 percent of their moneys in eligible commercial paper. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decision making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(j) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on an investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

EXHIBIT A-1

(A) The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, "significant banking relationship" means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency's activities.

(iii) Acceptance of a local agency's securities or funds as deposits.

(5) (A) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

(B) "Securities," for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

EXHIBIT A-1

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

(l) (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the United States Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the United States Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and with assets under management in excess of five hundred million dollars (\$500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the United States Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include commission that the companies may charge and shall not exceed 20 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(m) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(n) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the

EXHIBIT A-1

secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(o) (1) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond.

(2) For securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivision (b) or (f), the following limitations apply:

(A) The security shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less.

(B) Purchase of securities authorized by this paragraph shall not exceed 20 percent of the agency's surplus moneys that may be invested pursuant to this section.

(p) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the United States Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

(q) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

(r) Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.

This section shall remain in effect only until January 1, 2026~~31~~, and as of that date is repealed.

(Amended (as amended by Stats. 2022~~3~~, Ch. 427187, Sec. 8 5) by Stats. 2023~~5~~, Ch. 187323, Sec. 51. (SB 882-595) Effective January 1, 2024~~6~~. Repealed as of January 1, 2026~~31~~, by its own provisions. See later operative version, as amended by Sec. 6 2 of Stats. 2023~~5~~, Ch. 187-323.)

DISCUSS AND APPROVE

**REVISING AND EXTENDING WHITTIER
MOBILE COUNTRY CLUB LEASE**

LA HABRA HEIGHTS COUNTY WATER DISTRICT

MEMORANDUM

DATE: MARCH 10, 2026
TO: BOARD OF DIRECTORS
FROM: JOE MATTHEWS, SECRETARY/GENERAL MANAGER
**SUBJECT: WHITTIER MOBILE COUNTRY CLUB PROPOSAL TO REVISE
AND EXTEND LEASE AGREEMENT**

The District has been approached with a request to revise and extend our current lease agreements with Whittier Mobile Country Club. The current leases, drafted in April of 1967 and extended in November of 2009, will expire in April of 2034. Being that the leases were agreed upon by La Habra Heights Mutual Water Company, District counsel needs an appropriate amount of time for legal review before making recommendations to the Board. I have added language to the proposed golf course lease regarding use of chemicals on the golf course.

I have included two proposed lease agreements for your review, one is for the golf course land the other is for the trailer park land. I recommend moving forward by authorizing a review of the lease proposals for our response and approving negotiations between the District and Whittier Mobile Country Club.

Additionally, Cary Spencer and his team from Whittier Mobile Country Club will attend the meeting to discuss the lease and to ask to revisit our decision not to grant permanent easements to the Gas Company and Southern California Edison. I have attached his email describing his inquiry for review.

Joe Matthews

From: Joe Matthews
Sent: Wednesday, March 4, 2026 12:42 PM
To: Joe Matthews
Subject: FW: Whittier Mobile Country Club (WMCC) New Utilities

From: Cary Spencer [REDACTED]
Sent: Tuesday, February 3, 2026 7:01 PM
To: Joe Matthews <joe@lhhcwd.com>
Cc: [REDACTED]
Subject: Whittier Mobile Country Club (WMCC) New Utilities

Good Evening Joe,

This email is a follow up to our telephone conversation concerning the easement maps prepared by Southern California Edison (SCE) and SoCal Gas (SCG) that need to be signed by the La Habra Heights County Water District (LHHCWD) to allow the construction of new electrical and gas lines at WMCC. The LHHCWD Board of Directors previously considered and decided against signing the easement maps, and I appreciate their concerns. However, I respectfully request that the matter be reconsidered and I be given an opportunity to discuss with the Board the reasons why the new utilities are so badly needed, and are in the best interests of both WMCC and LHHCWD.

Background:

As you know, WMCC has been under the same ownership since it was built. I am a family member of the original contractor, and the trustee of both of the family trusts that are WMCC's partners. These trusts were formed by the original partners, Kenneth Baer and Herman Kaye. At 75, I am doing necessary planning for WMCC's future, which is part of my family's future. My goal — ensure WMCC's continued operation and economic viability, long after I am gone. I can see no circumstances under which WMCC, or any subsequent owner of WMCC if it were sold, would want to cease operation, either on the land it owns or it leases. With LHHCWD's cooperation, WMCC plans to operate indefinitely, for the long term, and continue to be a source of profit for itself and for LHHCWD. Importantly, WMCC does not interfere with LHHCWD's main interest in the leased land - water wells and potential future water wells. In 2021,

through much time and expense, WMCC obtained a perpetual conditional use permit to allow it to continue operating indefinitely. WMCC's owned and leased land is zoned agricultural. Its highest and best use is the mobilehome park and LHCWD's water wells. It will be for any reasonably foreseeable future.

The Problem to be Addressed:

Like many if not most California mobilehome parks, the utility lines at WMCC are privately owned and maintained, and were installed when the park was built. They are old, and although I have no knowledge that they are in imminent danger, at some point they may need to be replaced. Naturally, WMCC has paid for periodic utility repairs, and the repairs become more frequent and expensive as the utilities age. WMCC obtained estimates a few years ago and was told that replacing utility lines could cost around \$6-\$8 million per utility. Naturally the cost would go down if all lines were replaced at once. WMCC does not have the capital to pay such an expense, nor would even an institutional owner consider such a cost economically warranted. This situation is not unique to WMCC. It was and is faced by many California mobilehome parks, and it is a crisis for the industry.

The Solution:

California recognized this problem and acted. The state faced the prospects of many mobilehome parks being forced to close, or trying to stay in business with aging utilities, or incurring a major, catastrophic utility disruption. A large stock of affordable state housing was and still is at risk. Therefore, in 2015, the California Public Utilities Commission (CPUC) instituted a three year trial program called the Mobilehome Park Utility Conversion Program. The conversion program was so successful that in 2021, the CPUC voted to continue it for another ten years.

Essentially, the conversion program provides state funds to local utilities to replace privately owned utilities at mobilehome parks with standard residential utility lines owned and maintained by the utility companies. Mobilehome parks had a short window in which to apply, and were chosen for the conversion program based on a variety of factors, including the age of the park. WMCC applied and was accepted. The public benefit of the conversion program is ensuring the continued existence of the affordable housing provided by mobilehome parks, and providing each mobilehome park resident with reliable,

individually metered utility service like that provided to standard residential lots. It also is intended to allow mobilehome parks to meet future increased electrical demand for such items as EVs.

WMCC will pay a cost for taking part in this conversion program. The CPUC pays utility companies for construction of lines to the meters at the street, but the mobilehome park is responsible for the costs of lines from the meter to the each individual mobilehome hookup. For WMCC's 188 spaces this cost will be between \$350,00 to \$500,000. So, participating in the conversion program costs WMCC money and lowers its profit, and the construction will disrupt tenants and probably require some rent credits being issued. WMCC will not make money from the conversion program, it will spend money to implement it. WMCC is willing to pay this cost to secure its long term future.

The Benefit to LHCWD:

The benefit to LHCWD is the same as the benefit to WMCC: the long term, continued successful operation of the mobilehome park as a profit center. WMCC and LHCWD have had a long and mutually profitable relationship. WMCC, and I assume LHCWD, wants this to continue. WMCC has invested money and is willing to invest more money to improve WMCC and ensure its long term viability and profitability. By far the biggest improvement WMCC can make is investing \$350,000 to \$500,000 as part of the much larger cost to install new gas and electrical utilities. This is especially true since the utilities will then provide guaranteed maintenance and repairs indefinitely, which secures WMCC's business indefinitely. Both WMCC and the water company benefit from the mobilehome park and our lease of your land. The new utilities will secure that benefit long into the future.

The agricultural land leased by WMCC could not realistically be used for any other more profitable purpose, or in even by any other mobilehome park company, since WMCC owns a portion of the existing park and has the perpetual CUP for all of it. LHCWD's interest in the land is water, and WMCC has and will continue to cooperate fully with LHCWD and its use of the land. When LHCWD was considering new wells at WMCC, the utility companies worked with LHCWD to draw easements and provide utility service most consistent with the LHCWD's needs. LHCWD will benefit from the utility companies installing, maintaining and repairing new gas and electrical utilities, so the need for future

utility replacement by WMCC, which it cannot financially do, is eliminated. This is a financial benefit for both WMCC and LHCWD.

Thank you and the Board for considering my proposal. I hope to be able to discuss it and answer questions and concerns whenever convenient. Although a separate issue, it clearly is related to the new proposed leases that I sent to you yesterday, and can be discussed at the same meeting if that is the most convenient.

Thank you Joe - Cary

MOBILE HOME PARK LEASE

AMENDED GROUND LEASE

THIS LEASE ~~is made this 11th day of April, 1967~~ and is effective May 1, 2026, by LA HABRA HEIGHTS ~~MUTUAL COUNTY WATER COMPANY DISTRICT~~, a California ~~Corporation public entity~~, hereinafter referred to as the Lessor, and ~~KENNETH D. BAER, RICHARD SIMONIAN and HERMAN H. KAYE, all married men~~ WHITTIER MOBILE COUNTRY CLUB, a California general partnership, hereinafter referred to as the Lessee.

WITNESSETH:

That the Lessor, for and in consideration of the covenants and conditions hereinafter mentioned to be kept and performed by the Lessee does lease to the Lessee for the term of ~~51~~34 years, commencing May 1, ~~1967~~2026, the real property in the County of Los Angeles, State of California, described as:

That portion of Lot 1 of Tract No. 1910 in the County of Los Angeles, State of California, as per map recorded in Book 21, Page 159 of Maps, in the office of the County Recorder of said County.

which is more fully described in the attached exhibit, marked exhibit "A" and made a part hereof as though set forth in full herein. Lessor covenants and warrants that the demised premises contain not less than 17 acres of contiguous ground exclusive of Lessor's well sites.

That the Lessee, in consideration of said lease, covenants and agrees with the Lessor as follows:

I

RENTAL AND DATE OF COMENCEMENT OF LEASE

To pay as rental for the demised premises the sum of ~~\$15,000.00~~131,857.50 per year, annually in advance on the first day of May of each year, subject to an adjustment as is hereinafter provided. Lessor acknowledges payment of the first year's rent.

~~As a further consideration for the execution of this lease, the Lessee has paid to the Lessor the sum of \$2,500.00, and in the event the Lessee is not in default under the terms and conditions of this lease at the commencement of the 51st year of the term hereof, the sum of \$2,500.00 shall be credited on the rent to be due and payable for the 51st year of the term hereof.~~

At intervals of five years, commencing on May 1, 2027, and continuing at each five year interval thereafter, the rent shall be adjusted for the ensuing five years by multiplying the then increase or decrease in the cost of living index for the Los Angeles Metropolitan Area as computed by the United States Department of Labor for the month in which this lease is effective (except the first rent adjustment Lessor shall use May of 2022) and the then cost of living index only in the event such cost of living index has changed more than 1%. At no time, however, shall the rental which the Lessee shall be required to pay hereunder be less than the amount of

real property taxes which the Lessor is required to pay on the demised premises and 2 ½% of the then fair market value of said land. In the event the parties hereto are unable to agree upon such fair market value within 30 days, then the parties agree to submit the matter of the then fair market value of said land to arbitration before the American Arbitration Association in accordance with its rules, and the award as the result of such arbitration shall be final, conclusive and binding on the parties hereto. The expense of such arbitration proceedings shall be borne equally by the parties hereof.

II

RENTAL AND DATE OF COMMENCEMENT OF LEASE

The herein demised premises shall be used by the Lessee solely for the purpose of operating a mobile home park, for occupancy by adults only, and such subsidiary uses as are incident to such business. The Lessee specifically covenants and agrees that it will at all times maintain and conduct its business in a lawful manner and in strict compliance and observance of all governmental rules, regulations, ordinances or laws, and in strict compliance with all of the restrictions required to be observed by the Lessor upon the herein demised premises. The Lessee further agrees to keep the demised premises in a clean and sanitary condition, ~~and to be built in such condition as to entitle Lessee's operation upon completion to qualify for a five-star rating by the Trailer Coach Association as presently prescribed by its regulations.~~ In any isolated instance of the failure of the Lessee to comply with, fulfill and observe any governmental rules, regulations, ordinances or laws, and such failure be brought to the attention of the Lessee by written notice, and Lessee diligently remedying and rectifying his failure in such respect, such original failure shall not constitute a breach on the part of the Lessee of his covenants and agreements under this lease.

Lessee shall install and maintain at its expense sewage facilities and provision for the disposition of storm waters on the demised premises and, where permitted by the proper agency having control thereof, such water as the Lessor shall discharge in flushing its wells, free of any sand or other solids, but without additional expense to the Lessee.

III

UPKEEP AND REPAIRS

The Lessee hereby covenants and agrees to keep the demised premises, buildings, roads, improvements and grounds, and all parts thereof, in and upon the same, in good order, repair and condition, externally and internally, including the painting thereof. It is expressly understood and agreed that the Lessor shall not be under any obligation or duty to make any repairs upon the demised premises, or any of the improvements thereon, or to replace or repair or to maintain the same, and it shall be the sole duty of the Lessee, at its own cost and expense, during the entire term of this lease to so keep and maintain the demised premises, and all improvements thereon, in good and reasonable repair and condition.

Lessor agrees to maintain its buildings housing pumping equipment in good order and repair, including such painting as shall be necessary from time to time in maintaining the proper appearance thereof, and so far as is practicable to deaden the sound of its pumping motors.

IV

COVENANTS AGAINST LIENS

Lessee expressly covenants and agrees that it will not during the term hereof, suffer or permit any lien to be attached to or upon said premises, or any portion thereof, by reason of any act or omission on the part of the Lessee, and hereby expressly agrees to save and hold harmless the Lessor from and against any such lien or claim of lien. In the event any such lien does attach or any claim of lien is made against said demised premises which may be occasioned by any act or omission upon the part of the Lessee, and it should not be released within 15 days, or stayed by the filing of a good and sufficient undertaking as permitted by law, Lessor, in its own discretion, may pay and discharge the same and relieve such demised premises from any such lien, and Lessee agrees to repay and reimburse Lessor for and on account of any expenses which may be incurred by Lessor in discharging such lien or claim, or Lessor may treat such default on the part of Lessee as a breach of the lease, for which Lessor shall be entitled to exercise and have any and all rights given to it in case of default under this lease, or under any provision of law relating thereto.

V

UTILITIES

Lessee further agrees to pay, promptly and prior to delinquency, all charges incurred by it in the conduct or operation of its business on the demised premises for all public utilities, including water furnished to or which may be used upon the whole or any part of the demised premises. Lessee further agrees to pay, promptly and prior to delinquency, all charges for water used by Lessor on the currently existing well sites on the Premises. It is distinctly understood that the Lessor is not permitted by law to serve the Lessee with water.

VI

TAXES AND ASSESSMENTS

During the entire term of this lease the Lessee covenants to pay, bear and discharge in addition to the rentals provided for in this lease all taxes, assessments, impositions, payments, charges and levies for revenue or otherwise which may be taxed, charged, assessed, levied, imposed or become a lien upon the demised premises with relation to any improvements that the Lessee may construct or install on the demised premises, any personal property and that portion

of any increase in taxes over those assessed for the fiscal year ~~1967-1968~~2026-2027 as to land only which the area of the demised premises bears to the total area assessed to Lessor as to said portion of Lot 1 of Tract No. 1910.

So far as is permissible by law the Lessee will cause the improvements which it constructs or places on the demised premises and any personal property belonging to it to be separately assessed in its name. In the event that it is not possible to have such property so assessed to the Lessee, then the Lessee agrees to reimburse the Lessor for the amount of such taxes attributable to it at least 10 days before the same become delinquent. The Lessee agrees to pay such taxes as may be assessed directly to it prior to the time the same become delinquent and to furnish satisfactory evidence to Lessor that such taxes are paid.

Should the Lessee be in default in the payment of any such taxes, assessments or charges which it is obligated to pay, the Lessor may, at its option, at any time thereafter, before or after delinquency, pay such taxes, assessments or charges so in default, together with all penalties and interest which may have been added thereto by reason of such default or delinquency, and may likewise redeem the demised premises or any part thereof, or the improvements thereon from any tax sale or sales, and in paying such taxes or redeeming the same from such sale or sales, the Lessor shall be the sole judge of the legality thereof. Any amount so paid by the Lessor shall become due and payable by the Lessee to the Lessor on the first day of the month after payment by the Lessor, together with the maximum rate of interest thereon permissible by law from the date of payment by the Lessor until paid by the Lessee.

Notwithstanding any of the provisions of this paragraph, the Lessee shall have the privilege before any delinquency occurs of contesting, objecting to or opposing the legality or validity of any such tax, assessment or other charge, providing that prompt notice of such contest, objection or opposition to same shall be given Lessor by Lessee at least 5 days before any delinquency, and provided further that such contest, objection or opposition shall not be carried on or maintained after the aforesaid time limit for the payment of Lessee of such obligation, unless the Lessee shall have duly paid or deposited the amount involved under protest, or shall procure, preserve and maintain a stay of all proceedings to enforce any collection thereof, and shall also provide for the payment thereof, together with all penalties, interests, costs and expenses by a deposit of a sufficient sum of money or by a good and sufficient undertaking as may be required or permitted by law. In the event of any such contest, objection or opposition the Lessee covenants within 5 days after the final determination thereof to fully pay and discharge any judgment for the amount involved, together with all penalties and costs which may have occurred therein or thereon and to completely free the demised premises from the effect of the same, and in default of such payment, the Lessor may pay such taxes, assessments or charges and such amounts so paid by the Lessor shall become due and payable from the Lessee to the Lessor on or before the first day of the month following such payment by the Lessor, together with interest thereon at the highest maximum rate permissible by law.

Any provision of this paragraph to the contrary shall not be construed as obligating the Lessee to pay any taxes imposed upon the Lessor for revenue received by it or for any taxes levied with respect to the dissolution of the Lessor or the death of any of its assigns.

VII

LIABILITY AND FIRE INSURANCE

Lessee hereby agrees that it will not and that its agents, servants or others claiming the right under it to be on the demised premises, or in any buildings on the demised premises, shall not make any claims against the Lessor for any injuries, losses or damages to person or property occurring therein or thereon from any cause, except when due to the negligence of Lessor. Lessee hereby agrees that it will, at its own cost and expense, and all times mentioned, maintain in force an insurance policy or policies in responsible insurance companies, insuring both the Lessor and Lessee in limits of not less than \$100,000.00/\$500,000.00 against liability for damages which may be occasioned to any person, and limits of not less than \$10,000.00 to any property upon the demised premises or any part thereof, including any private streets.

Lessee further promises and agrees to carry and pay for fire insurance on any buildings or improvements which it may erect on the demised premises for their full insurable value, with extended coverage endorsements including a course of construction endorsements in a company or companies satisfactory to the Lessor, and delivering a copy of such policies to the Lessor. The full insurable value of the buildings so insured shall be determined by the insurance carrier, and the proceeds from any loss covered by such insurance policy shall be used in restoring or rebuilding any structure damaged by fire on the demised premises.

VIII

RIGHT TO GO UPON PREMISES

Lessor does hereby expressly reserve the right for itself and its agents and duly authorized representatives at all reasonable times during the term hereof to enter upon said premises for the purpose of inspecting the same or for the purpose of maintaining or repairing its water producing and distribution facilities, or to show the premises to any intended purchaser. Not earlier than three months before the expiration of this lease, the Lessor shall be permitted to erect a dignified sign on the demised premises indicating that the demised premises are for rent.

IX

TERMINATION ON ACCOUNT OF INSOLVENCY OF RECEIVERSHIP

If Lessee suffers the appointment of a receiver to take possession of substantially all of Lessee's assets or if an involuntary petition in bankruptcy is filed against Lessee, and in either event such proceedings are not terminated by action of Lessee within ninety days from the institution of either proceedings, or Lessee files a petition in bankruptcy or reorganization, or in the event of any attachment or execution being levied on the business or assets of Lessee, and such attachment or execution is not removed within fifteen days, or stayed as provided by law, or in the event of any sale or attempted sale of the leasehold interest hereby created, under or by virtue of any execution or other legal or judicial order or authority, or if Lessee should make an assignment for benefit of creditors, the Lessor may, at its option, thereupon and upon the happening of any such event, immediately terminate this lease, and remove the Lessee and all of Lessee's property from said demised premises, and no person, firm or corporation shall have any right to use, possess or occupy said demised premises, or any part thereof, under or by virtue of any matters or things herein in this paragraph set forth without the written consent of the Lessor first had and obtained; provided, however, that neither of the happening of any of the contingencies mentioned in this article, nor the entry or the reentry by the Lessor nor the removal by Lessor of Lessee's property (in the happening of any such contingencies) shall constitute an election upon the part of Lessor to terminate this lease unless written notice to that effect is given by Lessor to Lessee, but in any event, the happening of any such event shall constitute a default under this lease for which the Lessor shall have the same rights and remedies as are provided in the case of any other default hereunder, or by any law relating thereto.

~~It is understood that the Lessee intends to finance the construction of certain contemplated capital improvements on the demised premises by means of a security transaction securing such indebtedness by a means of encumbering Lessee's interest under this lease. Lessor hereby gives express permission to Lessee to encumber lessee's leasehold interest upon condition that prior to so doing Lessee shall furnish to Lessor the name and address of such encumbrancer. Any lender to the Lessee holding an encumbrance on Lessee's leasehold interest shall have the right to take possession of Lessee's operations under its security agreement and of operating the demised premises provided that so long as said lender remains in possession of Lessee's operations it will comply with the terms and provisions of this lease so far as the same shall be applicable to the Lessee and will apply the rentals collected from the tenants of the demised premises in the manner and within the time permitted in the second paragraph of paragraph X of this lease. If such encumbrance holder shall comply with the provisions of this subparagraph then Lessor will not enforce any of the remedies afforded to it under this paragraph as to such encumbrance holder.~~

X

REMEDIES UPON DEFAULT

Should ~~default~~default be made in the payment of rent or other monies provided to be paid hereunder, as and when the same become due and payable, after 5 days demand therefor by the

Lessor given to Lessee, or should Lessee violate any of the other terms, conditions or covenants of this lease after 30 days' demand to correct such violation, or should the Lessee move out, vacate or abandon said premises, or any part thereof (in which connection it is agreed that continued absence from the premises for a period of 10 days, the Lessee being in default under any covenant or condition of this lease shall constitute abandonment) the Lessor shall, with or without terminating this lease, have the right to enforce all of the terms and covenants hereof occurring before or after such default, and in addition thereto, may, with or without notice or process of law, and with or without terminating said lease, re-enter and take possession of said premises, and the whole or any part thereof, remove the Lessee's signs and property therefrom, place all said property of Lessee in storage at the expense and risk of Lessee, make any repairs in and to said premises which maybe necessary, relet the premises or any part thereof on such terms, conditions and rentals as the Lessor may deem proper, apply the proceeds that may be collected from such reletting, less the expense of so doing, including the cost of any such repairs, and any other expenses incurred by Lessor following said default, including among other expenses, commissions arising out of such reletting up on the rent to be paid by Lessee and hold the Lessee for any balance that may be due under said lease, and in addition, may hold Lessee responsible and liable for all damages that may accrue to Lessor by reason of any such default. No act or thing done by Lessor in case of any default shall be deemed to constitute an election upon Lessor's part to terminate this lease unless Lessor has given Lessee a notice in writing of his election to terminate, in which event the termination shall be effective as of the date specified in said notice, but not otherwise, and notwithstanding the right of Lessor to relet said premises up on the conditions in this article described, Lessor shall be under no obligation to relet the same, even after re-entry and repossession.

So long as the leasehold interest of the Lessee is encumbered and such encumbrancer recognizes the default of the Lessee as a default of the terms and conditions of the encumbrance and diligently pursues its remedies for such default and the rents from the tenants of the demised premises are applied in the following order: 1. To the payment of taxes, 2. To the payment of insurance, 3. To the payments due the Lessor pursuant to this lease, 4. To maintenance and repairs and 5. The balance to the payments due to the encumbrancer on its obligation, then Lessor agrees not to terminate the encumbrancer's interest in the subject property provided that within six months of the time given to Lessee to correct his default under this lease such default has been corrected or the Lessee's Interest has been transferred to a financially responsible person and the conditions of Paragraph XIV of this lease have been complied with.

So long as any indebtedness secured by the leasehold estate of the Lessee remains unpaid Lessor expressly agrees that it will not accept a surrender of the demised premises, a cancellation nor an amendment or modification of this lease without the written consent of the holder of such encumbrance.

The encumbrancer shall not withhold its consent to any amendment or modification of this lease which does not affect its security or rights under its encumbrance.

Lessor shall in no event be liable for any loss, theft, damage or injury to property of the Lessee, except when due to the negligence of Lessor.

XI

QUIET ENJOYMENT

Lessor hereby covenants, warrants and agrees at all times during the term hereof, Lessee shall have the full, peaceful and quiet enjoyment of the premises, and agrees that the Lessee at its option may pay and discharge any taxes, mortgages or other liens existing, levied or assessed on or against the demised premises, and in the event it exercises such option it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying any rental accruing hereunder.

XII

NOTICES AND PLACE FOR PAYMENT OF MONEY

All payments of rental and all other sums due hereunder shall be paid to Lessor at 1271 North Hacienda ~~Road~~Boulevard, La Habra Heights, California, 91741, or such other place as Lessor may from time to time designate in writing.

Service of any notice or notices or demands required or permitted to be given hereunder shall be sufficient if delivered to Lessor personally, or personally to Lessee, or sent by United States Registered ~~Unit~~mail, postage prepaid, to Lessor addressed to 1271 North Hacienda Boulevard, La Habra, California, or elsewhere as Lessor may from time to time designate in writing, or to Lessee, addressed to ~~415 East Bailey~~10550 Dunlap Crossing Road, Whittier, California, or elsewhere, as Lessee may from time to time designate in writing. Lessor agrees to furnish any leasehold encumbrancer a copy, either delivered personally or sent by registered mail, of any notices or demands sent to Lessee provided such encumbrancer furnishes Lessor with written notice of its name and address.

XIII

HOLDING OVER

At the termination of the term of this lease, Lessee not being in default in the payment of any rental or sums of money due under this lease, or in the observance or performance of any conditions, covenants or agreements hereunder, the Lessee shall remove all of the personal property and improvements installed by it on the demised premises, and shall otherwise restore said premises to their original condition. In the event Lessee should hold over and remain in possession of the demised premises after the expiration of the term of this lease and continue in operation of its business, Lessee's tenancy, shall be upon a month to month basis, and at a monthly rental payable monthly in advance equal to 1/12th of the then annual rent which the Lessee has been paying.

XIV

ASSIGNMENT AND SUBLEASING

This lease shall not be assigned, transferred or subleased nor thereafter reassigned, retransferred nor resubleased without the written consent of the Lessor first had and obtained, provided that such consent shall not be unreasonably withheld and provided that such proposed assignee, transferee or sublessee is a person, firm or corporation that is financially responsible and then able to fulfill and perform each, every and all of the conditions and covenants of this lease; and agrees in writing so to perform the conditions and covenants of this lease so far as the same shall be applicable to the Lessee herein.

In the event of the sale of Lessee's leasehold interest as the result of foreclosure proceedings by any leasehold encumbrancer, Lessor agrees to recognize such purchaser, assignee or sublessee provided that such purchaser can show a net worth of \$~~50~~500,000.00, agrees in writing to perform the conditions and covenants of this lease so far as the same shall be applicable to the Lessee herein and any default under this lease has been corrected. Lessee agrees that Lessor shall be entitled to rely on any recitals contained in the Trustee's Deed in the event of a foreclosure under the power of sale in an encumbrance or in any deed issued pursuant to a judicial foreclosure in recognizing the purchaser or his assignee or proposed sublessee as the successor in interest of Lessee's interest under this lease.

XV

ATTORNEY'S FEES

In case of any action brought by either party hereto against the other by reason of or in connection with any term, condition or covenant of this lease, the party prevailing in said action shall be entitled to recover from the other, in addition to costs of suit, reasonable attorney's fees incurred by the prevailing party.

XVI

EMINENT DOMAIN

If any person or corporation, public, private or otherwise, shall at any time during the term hereof lawfully condemn and acquire title to the whole or any part of said demised premises, or the whole or any part of the building or buildings thereon erected, in or by condemnation proceedings, in pursuance of any law, general, specific or otherwise, the following conditions shall govern the respective rights of the parties:

If the whole of the demised premises are taken this lease shall cease and terminate as of the date of the taking. If a portion of the demised premises is taken, which in the reasonable judgment of the Lessee renders the remaining portion unsuitable for Lessee's operation, Lessee may at his option, on giving notice to Lessor of his election to terminate this lease, terminate this lease as of the date of taking upon condition that such notice is given within 30 days of the service of process in such condemnation proceedings on Lessee or after Lessor has given Lessee notice of the pendency of such proceedings. Any prepaid rental ~~and the \$2,500.00 paid as a consideration for the execution of this lease~~ shall be refunded to the Lessee.

Any award for the value of any rents payable in the future shall belong to the Lessor. The Lessee shall be entitled to claim as damages the difference, if any, between the rental then being paid pursuant to the provisions of this lease and the value of the Lessee's leasehold interest, without any improvements thereon, and the value of any improvements installed by the Lessee upon the demised premises and taken by such condemnation proceedings reduced by the amount of principal payments which are required to have been made by the Lessee on any obligation secured by this lease, even though such payments are delinquent, provided the proceeds of any obligation secured by this lease have been used in making capital improvements on the demised premises, the total amount of such secured loans does not exceed \$350,000.00 and such secured loan provides for the payment on account of the principal thereof of not more than 240 equal monthly installments. If there should be no such secured loans in existence at the time of such condemnation ~~than~~ then the value of any improvements installed by the Lessee upon the demised premises shall be reduced by the depreciation taken thereon by the Lessee under its income tax returns as filed with the Internal Revenue Service of the United States Treasury Department. Where permitted by law the Lessee shall be entitled to any moving expenses and other damages. The balance of the award shall belong to the Lessor.

In the event Lessee's income from the demised premises is materially impaired on account of a partial taking the amount of rent to be paid to the Lessor for the remaining balance of the term of this lease shall be fixed by agreement of the parties hereto, and in the event of their failure to agree upon such adjusted rental, each party hereby agrees within 30 days after such disagreement to submit the matter of the rental to be paid by the Lessee to arbitration before the American Arbitration Association in accordance with its rules, and the award as the result of such arbitration shall be final, conclusive and binding on the parties hereto. The expense of such arbitration proceedings shall be borne equally by the parties hereto. The rent hereunder shall not be abated in any amount whatsoever pending such arbitration, but an adjustment of all such rent shall be made retroactive to the date of such partial taking as soon as the exact amount payable shall have been ascertained as herein above provided.

XVII

MISCELLANEOUS

~~(1) The Lessee agrees to cause the improvements which he shall erect on the demised premises to be completed not more than 300 days after the commencement of this lease, except that the time during which the Lessee or his contractor is delayed in said work by acts of God, inability to obtain materials on the open market, and by reason of governmental restrictions, or for any other act which the Lessee could not have reasonably foreseen and provided against, or by stormy or inclement weather which necessarily delays the work or by strikes, boycotts or other like obstructive acts of employees or labor organizations which are beyond the control of the Lessee or its contractor, and which they cannot reasonably overcome, shall be added to the time for the completion of said improvements.~~

(2~~1~~) Notwithstanding the provision of paragraph II of this lease as to the use of the demised premises, in the event the same become unusable for such purpose or if the premises are not then being used for their best use, giving due consideration to the then economic conditions, this lease may by mutual agreement of the parties be amended to provide for such better use and the rental adjusted in accordance with such new use.

(3~~2~~) Lessee agrees that upon request of the Lessor he will sign such instruments as will make this lease subordinate to any mortgage, deeds of trust or other liens which the Lessor may place on the demised premises, provided that the payee under such encumbrance agrees to at all times recognize the Lessee's leasehold interest under the terms of this agreement and that the Lessee or the leasehold encumbrancer may remain in possession of the demised premises under the terms and conditions of this lease without any additional obligation over those provided for herein. If under the terms of any such encumbrance there should be an assignment of rents, then upon the right of such lienholder to claim any rents due under this lease the Lessee may, upon proper demand for the payment thereof, pay all future rental due under this lease to such lienholder so long as he shall be entitled to such rents.

(4~~3~~) The Lessor agrees to pay all costs for the engineering, trenching and installation of such gathering lines from each existing well to the street location to be established by the Lessee and the mains in such streets, except that if the total footage of all such re-routed gathering lines to the street location and the mains in such streets shall exceed the present total footage of the existing gathering lines and mains, then Lessee shall pay the additional cost of re-routing such gathering lines and mains, which costs shall be determined by computing the total cost per lineal foot of all such gathering lines and mains, including engineering, trenching and installation, and multiplying such unit of cost by the excess lineal feet required to relocate such gathering lines and mains.

(5~~4~~) This ~~amended~~ lease supersedes ~~that certain ground lease of even date any and all existing agreements, written or oral.~~

(6~~5~~) That as used in this lease when the context so requires, the neuter shall include the masculine and feminine genders, and the singular number shall include the plural.

(76) Time is of the essence of this lease.

[Remainder of this page intentionally left blank, and followed by signature page]

IN WITNESS WHEREOF, this Agreement shall be binding on the date of execution by all parties hereto have affixed their hands the day and year first above written below, and the shall be effective May 1, 2026. This Agreement may be signed in counterparts, and a facsimile signature shall be as binding and effective as an original.

LESSOR:

Dated: _____, 2026 **LA HABRA HEIGHTS MUTUAL COUNTY**
_____ **WATER COMPANY** has caused **DISTRICT, a**
public entity

By: _____
Name: _____
Title: _____

LESSEE:

Dated: _____, 2026 **WHITTIER MOBILE COUNTRY CLUB,**
_____ **a California general partnership**

By its corporate name and seal to be hereunto
affixed by its duly authorized officers. General Partners:

~~LA HABRA HEIGHTS MUTUAL WATER COMPANY~~

By _____
President

Corporate Seal

By _____
Secretary — Lessor

Lessee

THE HERMAN H. KAYE TRUST

By: _____

Cary W. Spencer, Trustee

THE KENNETH DALE BAER, SR. TRUST

By: _____

Cary W. Spencer, Trustee

EXHIBIT "A"

(Legal description of property leased by LA Habra Heights County Mutual Water
District Company)

Lot 1, of Tract No. 1910, in the County of Los Angeles, State of California, as per map recorded in Book 21, Page 159 of Maps, in the office of the County Recorder of said County.

EXCEPT therefrom that portion of said land lying Northwesterly of the Southeasterly line of a strip of land 120.00 feet wide, the Northwesterly line of which is described as follows:

Beginning at the intersection of the Northeasterly line of said Lot 1 with a line that is parallel with and distant Southeasterly 100 feet, measured at right angles, from the Southeasterly line of that certain easement to the Los Angeles County Flood Control District, recorded in Book 7374, Page 379 of Official Records of said County, said intersection being distant along said Northeasterly line, South 50° 20' East 107.15 feet, more or less, from said Southeasterly line; thence parallel and concentric with and distant Southeasterly 100 feet, measured at right angles, or radially from said Southeasterly line of said certain easement the following courses and distances:

South 18° 37' West 127.98 feet; Southwesterly along a curve concave Westerly, tangent to said last described course, having a radius of 6029.65 feet, and arc distance of 1286.28 feet and tangent to said curve South 30° 51' 30" West 951.32 feet to the Southwesterly line of said Lot 1.

The Southeasterly line of said 120 foot strip shall be prolonged or shortened to terminate in the Northeasterly line of said lot and terminate in the Southwesterly line of said lot.

ALSO EXCEPT therefrom that portion of said land described in Parcel 1 of that certain deed to the State of California, recorded on September 18, 1963, as Instrument No. 5259 in Book D2187, Page 109 of the Official Records of said County.

ALSO EXCEPT, therefrom those portions of said Lot 1, described as follows:

EXCEPTION 1.

Beginning at a point in the Southeasterly line of that certain 120 foot strip of land as described in the deed to the Southern California Edison Company, recorded on June 21, 1951, as Instrument No. 890, in Book 36580, Page 374 of Official Records of said County, distant thereon North 31° 38' 39" East 363.18 feet from the Southwesterly line of said Lot 1; thence continuing along said Southeasterly line North 31° 38' 39" East 78.00 feet; thence South 58° 21' 21" East 70.00 feet; thence South 31° 38' 39" West 13.40 feet to the beginning of a tangent curve concave Northwesterly and having a radius of 15 feet; thence Southwesterly along said curve through a

central angle of $36^{\circ} 43' 59''$, and arc distance of 9.62 feet; thence tangent to said curve South $68^{\circ} 22' 38''$ West 20.64 feet to the beginning of a tangent curve concave Northerly and having a radius of 28.00 feet; thence Westerly along said curve through a central angle of $57^{\circ} 36' 28''$, and arc distance of 28.15 feet to the beginning of a reverse curve concave southerly and having a radius of 28.00 feet; thence Westerly along said curve through a central angle of $94^{\circ} 20' 27''$, an arc distance of 46.10 feet to the point of beginning.

EXCEPTION 2.

Beginning at the Northeasterly terminus of that certain course on the Northwesterly line of the land described in Parcel 1 of the deed to the state of California, recorded on September 18, 1963, as Instrument No. 5259 in Book D 2187, Page 109 of Official Records of said County, shown as having a bearing and length of North $43^{\circ} 53' 01''$ East 20.00 feet; said certain course having a bearing of North $44^{\circ} 16' 37''$ East for the purpose of this description; thence along said Northwesterly line, North $38^{\circ} 55' 23''$ East 10.42 feet; thence North $46^{\circ} 37' 35''$ West 71.47 feet to the beginning of a non-tangent curve concave Northwesterly and having a radius of 415.00 feet; a radial line of said curve to said point bears South $46^{\circ} 37' 35''$ East; thence Southwesterly along said curve through a central angle of $6^{\circ} 21' 03''$, an arc distance of 46.00 feet; thence South $40^{\circ} 16' 32''$ East 71.29 feet to the Northwesterly line of said Parcel 1; thence along said Northwesterly line as follows: North $52^{\circ} 14' 48''$ East 23.69 feet and North $44^{\circ} 16' 37''$ East 20.00 feet to the of point of beginning.

EXCEPTION 3.

Beginning at the intersection of the Southwesterly line of said Lot 1 with the Southeasterly line of that certain 120 foot strip of land as described in the deed to the Southern California Edison Company, recorded June 21, 1951, as Instrument No. 890, in Book 36580, Page 374 of Official Records of said Country; thence along said Southeasterly line North $31^{\circ} 38' 39''$ East 961.06 feet to the beginning of a tangent curve therein concave Northwesterly and having a radius of 6149.50 feet; thence Northeasterly along said curve through a central angle of $2^{\circ} 30' 01''$, an arc distance of 268.36 feet; thence South $82^{\circ} 28' 25''$ East 29.08 feet to the true point of beginning; thence continuing South $82^{\circ} 28' 25''$ East, 20.73 feet; thence South $58^{\circ} 55' 09''$ East 31.00 feet; thence North $31^{\circ} 04' 51''$ East 70.00 feet; thence North $58^{\circ} 55' 09''$ West 50.00 feet; thence South $31^{\circ} 04' 51''$ West 78.28 feet to the true point of beginning.

EXCEPTION 4.

Beginning at the intersection of the Southwesterly line of said of Lot 1, with the Southeasterly line of that certain 120 foot strip of land as described in the deed to the Southern California Edison Company, recorded June 21, 1951, as Instrument No. 890, in Book 36580, Page 374 of Official Records of said County; thence along said Southeasterly line North $31^{\circ} 38' 39''$ East 961.06 feet to the beginning of a tangent curve therein, concave Northwesterly and having a radius of 6149.50 feet; thence Northeasterly along said curve through a central angle of $5^{\circ} 51'$

39", an arc distance of 629.02 feet; thence South 58° 55' 09" East 145.41 feet; thence North 31° 04' 51" East 136.00 feet to true point of beginning; thence North 31° 04' 51" East 46.00 feet; thence North 58° 55' 09" West 70.00 feet; thence South 31° 04' 51" West 46.00 feet; thence South 58° 55' 09" East 70.00 feet to the true point of beginning.

EXCEPTION 5.

Beginning of the intersection of the Southeasterly line and/or its Northeasterly prolongation with the center line of Dunlap Crossing Road, 40 feet wide, as said center line is shown on the map of Tract No. 22457, as per map recorded in Book 675, Pages 77 and 78 of Maps, in said Office of the Country Recorder; thence along said Southeasterly line and/or its Northeasterly prolongation, South 31° 04' 51" West 50.60 feet; thence North 50° 06' 51" West 38.78 feet to the beginning of a non-tangent curve concave Northerly and having a radius of 20.00 feet, a radial line of said curve to said point bears South 58° 12' 18" East, said point being the true point of beginning of this description; thence Westerly along said curve through a central angle of 90° 00' 00", an arc distance of 31.42 feet; thence tangent to said curve North 58° 12' 18" West 20.00 feet; thence North 31° 47' 42" to a line that bears North 50° 06' 51" West from the true point of beginning; thence South 50° 06' 51" East in a direct line to the true point of beginning.

Said exceptions 1 to 5, both inclusive, represent areas around each of the existing well sites of Lessor. The Lessor reserves the right to substitute not more than two additional well sites. If from an engineering and operational standpoint it should become necessary to abandon any of said existing sites, each substituted site shall be a space 50 feet x 70 feet, a part of the demised premises, and such right shall not be exercised except on 90 days' written notice to the Lessee and further conditioned that the abandoned site shall be prepared for Lessee's use at the expense of Lessor with a pad constructed in accordance with the specification of Lessee's other trailer spaces, including the installation of all utilities and sanitary facilities. Such substituted space shall then become a part of the demised premises and that part taken by the Lessor shall thereafter be excluded from the demised premises. Any changes in the legal description of the demised and excluded premises may be made by preparing a new Exhibit A to this Lease, signed by both parties, and attached to this Lease in place of this existing Exhibit A. No amendment of the Lease shall be needed to substitute a new Exhibit A that accurately describes the demised and excluded premises.

The Lessor reserves the right to have access to the existing or future wells on the demised premises.

MOBILE HOME PARK LEASE
GOLF COURSE

~~AMENDED~~ GROUND LEASE

THIS LEASE is made ~~this 11th day of April, 1967~~ and is effective May 1, 2026, between LA HABRA HEIGHTS ~~MUTUAL COUNTY WATER COMPANY DISTRICT~~, a ~~corporation public entity~~, hereinafter called the Lessor, and ~~KENNETH D. BAER, RICHARD SIMONIAN and HERMAN H. KAYE, all married men~~ WHITTIER MOBILE COUNTRY CLUB, a California general partnership, hereinafter referred to as the Lessee,

WITNESSETH:

The following are the facts upon which this agreement is predicated:

Concurrently herewith the Lessor has leased to the Lessee some 17 acres of ground, being a portion of Lot 1 of Tract No. 1910 in the County of Los Angeles, State of California, as per map recorded in Book 21, Page 159 of Maps in the office of the County Recorder of said County, for the purpose of operating a mobile home park, to which said lease reference is hereby made.

That the Lessor owns a strip of land some 120 feet wide immediately to the west of the property described in said mobile home park lease, said property being subject to a right of way easement conveyed by the Lessor to Southern California Edison Company, a corporation, for the purpose of constructing, operating, enlarging, improving, repairing and renewing an electric transmission line, all as set forth in that certain easement recorded as Instrument No. 890 on June 21, 1951, in Book 36580, Page 374 of official Records of Los Angeles County.

That the Lessee desires to use the available portion of the surface of such easement for the purpose of operating ~~a miniature~~ an executive golf course thereon in conjunction with the mobile home park. That the Lessor is willing to grant the Lessee such right, subject to prior rights of the Southern California Edison Company and La Habra Heights County Water District ~~La Habra Heights County Water District~~ under the terms of its right of way easement.

NOW, THEREFORE, for a valuable consideration, the receipt of which is hereby acknowledged, Lessor hereby grants to Lessee the right to operate ~~a miniature~~ an executive golf course on the real property in the County of Los Angeles, State of California described as:

That portion of Lot 1 of Tract 1910, as per map recorded in Book 21, Page 159 of Maps, in the office of the County Recorder of said County, included within the lines of a 120-foot strip of land, the Northwestern line of said strip of land being described as follows:

Beginning at a point in the Northeasterly line of said Lot 1, which point is 100 feet Southeasterly, measured at right angles and/or radially, from the

Southeasterly line of the land described in the easement to the Los Angeles County Flood Control District recorded in Book 7374, Page 379 of official Records of said County; thence Southwesterly along said parallel and/or concentric line the following courses and distances: South 18° 37' west, 127.98 feet to the beginning of a curve concave Northwesterly and having a radius of 6029.65 feet; thence Southwesterly along said curve an arc distance of 1288.28 feet to the end of said curve; thence South 30° 51' 30" west, tangent to said curve 951.32 feet to a point in the Southwesterly line of said Lot 1, said last mentioned point being 100.33 feet, more or less, Southeasterly, measured along said Southwesterly line from the intersection thereof with the Southeasterly line of the land described in the easement to the Los Angeles County Flood Control District.

The side lines of said strip of land to be shortened or prolonged so as to terminate in the Northeasterly and South- westerly boundary lines of said Lot 1.

EXCEPTING AND RESERVING unto the Lessor the right to drill two water wells on the demised premises and to operate the same and to connect the same with Lessor's distribution system, including the installation of electrical service to such wells.

ALSO EXCEPTING AND RESERVING the right to dedicate such additional portions of Dunlap Crossing Road as may be required by the County of Los Angeles as a condition to granting a zone exception, in Zone Exception Case No. 8330 of the Regional Planning Commission of the County of Los Angeles,

~~subject to the written approval of such use by the Southern California Edison Company.~~

That the term of this lease shall coincide with the term of the herein above referred to mobile home park lease made concurrently herewith, ~~namely 51 years from May 1, 1967 and including any renewals or extensions of said lease.~~

That the Lessee, in consideration of said lease, covenants and agrees with the Lessor as follows:

1. To pay all taxes assessed against the ground only of the demised premises on or before each installment thereon becomes delinquent, the first installment of such taxes to be paid are those for the fiscal year ~~1967-1968~~2026-2027.
2. The Lessee agrees to keep the demised premises in a clean and sanitary condition and to comply with, fulfill and observe any governmental rules, regulations, ordinances or laws applicable to the demised premises, and to comply with the

conditions which may be imposed upon the use of said easement by the Southern California Edison Company, its successors or assigns, and for a failure so to do, the Lessee upon notice to the Lessor, may terminate this lease.

3. The conditions of paragraphs III, IV, V, VII, VIII, IX, X, XI, XII, XIV, XV, ~~XVI~~, and ~~XVIXVII(1)~~ of said ~~amended~~ mobile home park lease shall be applicable to this lease.
4. If for any reason the hereinbefore referred to mobile home park lease should be terminated, this lease shall ipso facto cease and terminate and be of no further force and effect.
5. At the termination of the term of this lease, Lessee shall remove all of the personal property and improvements installed by him on the demised premises and shall otherwise restore such premises to their original condition. In the event Lessee should hold over and remain in possession of the demised premises after the expiration of the term of this lease, Lessee's tenancy shall be upon a month-to-month basis and at a monthly rental payable monthly in advance equal to 1/12th of the then annual taxes on the demised premises.
6. This amended lease supersedes that certain ground lease of even date.
7. Time is of the essence of this lease.
8. That as used in this lease, when the context so requires, the neuter shall include the masculine and feminine gender, and the singular number shall include the plural.
- ~~8.9.~~ The Lessee agrees to withhold use of any and all lawn care treatments, including but not limited to chemical, organic, and others from said land, as not to contaminate the ground water aquifer below said parcel.

[Remainder of this page is intentionally blank, and is followed by the signature page.]

IN WITNESS WHEREOF, ~~the~~ this Agreement shall be binding on the date of execution by all parties hereto have affixed their hands the day and year first above written below, and shall be effective May 1, 2026. This Agreement may be signed in counterparts, and a facsimile signature shall be as binding and effective as an original.

LESSOR:

Dated: _____, 2026 **LA HABRA HEIGHTS MUTUAL COUNTY WATER COMPANY** has caused its corporate name and seal to be hereunto affixed by its duly authorized officers: **DISTRICT, a public entity**

LESSOR: _____ **LA HABRA HEIGHTS MUTUAL WATER COMPANY**

Corporate Seal _____

By: _____

President

Name: _____

By: _____

Secretary

Title: _____

LESSEE: _____

Dated: _____, 2026 **WHITTIER MOBILE COUNTRY CLUB,**

a California general partnership

By its General Partners: _____

THE HERMAN H. KAYE TRUST

By:

Cary W. Spencer, Trustee

THE KENNETH DALE BAER, SR. TRUST

By:

Cary W. Spencer, Trustee

