

AGENDA
Board of Directors Meeting
Strathmore Public Utility District
Thursday, June 12, 2025 – 6:30 P.M.
19626 Orange Belt Drive, Strathmore, CA 93267
P.O. Box 425 Strathmore, CA 93267

Meeting in person at:

Strathmore Public Utility District Office: 19626 Orange Belt Dr. Strathmore, CA 93267

ATTENDEES:

QUORUM? Y__ N__

1. **CALL TO ORDER:** _____ **P.M.**

2. **PUBLIC COMMENT:**

Members of the public may comment at this time. The Board President may set a time limit for the public comment period, as well as time limits for individual customer comments. This is the only time during the meeting that members of the public may make direct comments to the Board.

3. **APPROVAL OF MINUTES:**

Review of minutes from the Board's regular meeting on Thursday, May 8, 2025.

Motion to approve minutes: _____ Second: _____

4. **FINANCIAL REPORT:**

Presented by MRS. SANCHEZ.

5. **APPROVAL OF BILL AND PAYROLL PAYMENTS:**

Review of district bills and payroll through July 1, 2025.

Motion: _____ Second: _____

6. **TERMINATION AND/OR ABANDONMENT OF SERVICES:**

(a) *Review of extensions or waivers of payments requested in writing by delinquent customers.*

Account # _____

Motion to grant or deny customer request: _____ Second: _____

Description (if customer request granted): _____

(b) *Review list of customers with delinquent accounts.*

Motion to terminate services: _____ Second: _____

(c) *Review of accounts eligible for initiation of abandonment proceedings.*

Account No. _____

Motion to initiate abandonment proceedings: _____ Second: _____

7. **WATER USAGE/SUPPLY 2025-2026:**
Monthly usage: 40 acre feet 94 Year-to-date: acre feet.
Engineer Keller will update the Board with the water supply forecast for the upcoming year 2025-2026.
8. **SIERRA VIEW WATER CAPACITY RIGHT TRANSFER:**
Sierra View and Freddie Espinoza have agreed to transfer the water capacity right fee within a property located within the Strathmore PUD boundaries. The water capacity transfer will go from Sierra View to Freddie Espinoza, property 23070 Lawson Ave, Strathmore CA 93267 APN 215-071-010-000. Mr Espinoza and Sierra View have signed the transfer agreement. Authorization for the District to enter into an agreement with property Freddie Espinoza and Sierra View.
Motion: _____ Second: _____
9. **CROSS-CONNECTION CONTROL POLICY:**
The District has provided Mountain Valley the requested information for the cross-connection control policy. They are working on a draft report to provide to the District.
Motion: _____ Second: _____
10. **STRATHMORE MACHINERY PROPERTY PURCHASE AGREEMENT:**
District counsel Lew will update the Board with information.
Motion: _____ Second: _____
11. **WASTEWATER TREATMENT PLANT UPDATE:**
Manager Ordonez met with P&P representatives and Self-Help to discuss the project. P&P has requested information from the district which staff is working to compile. The next staff meeting will be in August which P&P hopes to have the preliminary engineering report ready for review.
12. **STORAGE TANK ROOF REPAIR PROJECT:**
Engineer Keller will update the Board on the progress of the project. Engineer Keller is working on scheduling a dive team and structural engineer to inspect the storage tank. The project will most likely go out to bid in the month of July.
Motion: _____ Second: _____
13. **STRATHMORE PUD AND LINDSAY-STRATHMORE IRRIGATION DISTRICT AGREEMENT DISCUSSION:**
Discussion regarding the operation and maintenance of the water treatment plant between Strathmore Public Utility District and Lindsay-Strathmore Irrigation District. District counsel Lew will provide a draft agreement to LSID for their review and comment.
14. **PERSONNEL POLICY REVIEW:**
Discussion regarding review of District personnel policy and addition of holidays. Management has requested additional holiday: Columbus Day and Juneteenth.
Motion: _____ Second: _____
15. **RESOLUTION FOR ADOPTION OF FEE SCHEDULE:**
Approval for adoption of resolution for fee schedule. Motion to approve or deny the fee schedule.
Motion: _____ Second: _____

16. **2024-2025 AUDIT ENGAGEMENT LETTER:**

Jaribu Nelson has provided the District with an engagement letter for the 2024-2025 audit. The audit is estimated not to exceed \$17,000.00, the Financial Transactions Report not to exceed \$1500.00 and GASB not to exceed \$1200.00. The Board may or may not sign the letter of engagement.

Motion: _____ Second: _____

17. **19535 RICHARDSON ROAD SERVICE REQUEST:**

The water and sewer capacity rights for the property located on 19535 Richardson Rd. have been abandoned since November 23, 1999. Lorraine Newkirk has made a request to be placed on the waiting list for water and sewer capacity. The Board may or may not grant the request.

Motion: _____ Second: _____

18. **WATER TREATMENT PLANT INTERNET SERVICE:**

District staff is requesting internet service for the water treatment plant. The current internet service is slow and the equipment being used is aged. The internet service is used for computer work in the water treatment plant and for the remote connection to the scada system.

Motion: _____ Second: _____

19. **TEMPORARY CONTRACT EMPLOYEE:**

Mark McElhaney's temporary contract will expire on June 30, 2025, the Board may or may not renew the terms of the contract.

Motion: _____ Second: _____

20. **CMC PROPANE LEASE RENEWAL:**

The lease agreement between the District and CMC Propane will terminate on November 30, 2025.

21. **UPDATE REPORTS / INFORMATION ONLY:**

JWC has provided a shipping date of July 7, 2025 for the muffin monster.

22. **EMPLOYEE COMPENSATION INCREASE:**

Consideration of approving increases in annual compensation for and/or all District employment positions.

Motion: _____ Second: _____

23. **CLOSED SESSION ITEM:**

Time in: _____ Time out: _____

CONFERENCE WITH LEGAL COUNSEL CONCERNING SIGNIFICANT EXPOSURE TO LITIGATION. [GC 54956.9(d)(2): Three cases, facts not known to potential plaintiff

CONFERENCE WITH LEGAL COUNSEL CONCERNING POTENTIAL INITIATION OF LITIGATION. [GC 54956.9(d)(4)] Three cases.

CONFERENCE WITH REAL PROPERTY NEGOTIATORS [GC 54956.8]

Property: Water Tower, Strathmore California.

Agency Negotiator: Adrian Ordonez and Julia Lew, Negotiating Parties: Strathmore Public Utility District and TowerPoint.

Under Negotiation: Terms for purchase agreement.

Annual Personnel Evaluations (Gov. Code Section 54957). Positions: all District employment positions

Conference with Labor Negotiators (Gov. Code Section 54957.6), Agency Representatives: Adrian Ordonez and Julia Lew. Employee groups: all unrepresented employees

Action taken: _____

24. **ADJOURNMENT:**

Motion: _____ Second: _____

Time: _____ p.m.

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Nicholas Martinez, Vice President

Allaney Briggs, Treasurer

Adrian Ordonez, Board Clerk/Manager

Adele Sanchez, Bookkeeper/Secretary

Dennis Keller, District Engineer

Absent: Julia Lew, District Counsel

QUORUM? Yes

1. **CALL TO ORDER:** 6:37 P.M.
2. **PUBLIC COMMENT:**
No public present.
3. **APPROVAL OF MINUTES:**
Review of minutes from the Board's regular meeting on Thursday, April 10, 2025.
Motion to approve minutes: LIGHTNER Second: BRIGGS 3-0 PASSED UNANIMOUS
4. **FINANCIAL REPORT:**
Presented by MRS. SANCHEZ.
5. **APPROVAL OF BILL AND PAYROLL PAYMENTS:**
Review of district bills and payroll through June 1, 2025.
Motion: LIGHTNER Second: MARTINEZ 3-0 PASSED UNANIMOUS
6. **TERMINATION AND/OR ABANDONMENT OF SERVICES:**
 - (a) *Review of extensions or waivers of payments requested in writing by delinquent customers.*
 - (b) *Review list of customers with delinquent accounts.*
Motion to terminate services: LIGHTNER Second: MARTINEZ 3-0 PASSED UNANIMOUS
 - (c) *Review of accounts eligible for initiation of abandonment proceedings.*

7. **WATER USAGE/SUPPLY 2025-2026:**
Monthly usage: 31 acre feet 54 Year-to-date: acre feet.
Engineer Keller will update the Board with the water supply forecast for the upcoming year 2025-2026.
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9. **19640 ORANGE BELT DRIVE CAPACITY REQUEST:**
Property owner Victor Ceballos is requesting an approval letter for the County to be able to convert the second story into 8 apartment residences (4-1 bedroom units and 4-2 bedroom units). The bottom portion will remain as a commercial use. The property currently has 2 commercial capacity connections. Engineer Keller was calculating the fixture count for water capacity to provide for Mr. Ceballos. Engineer Keller will send the calculations to Mr. Ceballos.
10. **CONSUMER CONFIDENCE REPORT 2024-2025:**
Authorize sending CCR in color and larger paper. Approved District prepared consumer confidence report.
11. **WASTEWATER TREATMENT PLANT UPDATE:**
Engineer Keller has signed the contract to subcontract with P&P. Engineer Keller and Manager Ordonez met with Kirk Koester and Michael Taylor with discussion of how the treatment plant functions, locations of connection points to City of Lindsay and City of Porterville, and possibilities of disposing of reclaimed water.
12. **STORAGE TANK ROOF REPAIR PROJECT:**
Engineer Keller will update the Board on the progress of the project. Engineer Keller has reached out to a structural engineer and has secured him under contract. The engineering firm has equipment which does not require a person to go inside the tank but can utilize a drone to check the interior condition. They are able to do penetration analysis with equipment to check the welds on the roof.
13. **STRATHMORE PUD AND LINDSAY-STRATHMORE IRRIGATION DISTRICT AGREEMENT DISCUSSION:**
Discussion regarding the operation and maintenance of the water treatment plant between Strathmore Public Utility District and Lindsay-Strathmore Irrigation District.
14. **PERSONNEL POLICY REVIEW:**
Discussion regarding review of District personnel policy and addition of holidays. Management has requested additional holiday: Columbus Day and Juneteenth.
Tabled
15. **RESOLUTION FOR ADOPTION OF FEE SCHEDULE:**
Approval for adoption of resolution for fee schedule. Motion to approve or deny the fee schedule.
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16. **2023-2024 AUDIT:**
Jaribu Nelson met with the Board and reviewed the 2023-2024 audit. The requested changes were made to the audit. The Board motioned to approve the 2023-2024 audit.
Motion: LIGHTNER Second: BRIGGS 3-0 PASSED UNANIMOUS

17. **MUFFIN MONSTER GRINDER REPAIR:**

JWC has provided a quote for replacement of the muffin monster grinder at the wastewater plant. The Board may or may not approve the repair. Please see attached quotes.

Motion: LIGHTNER Second: MARTINEZ 3-0 PASSED UNANIMOUS

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District staff is requesting internet service for the water treatment plant. The current internet service is slow and the equipment being used is aged. The internet service is used for computer work in the water treatment plant and for the remote connection to the scada system.

Tabled

19. **UPDATE REPORTS / INFORMATION ONLY:**

20. **CLOSED SESSION ITEM:**

Time in: 7:55 p.m. Time out: 7:58 p.m.

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Property: 22395 Ave 196, Strathmore California.

Agency Negotiator: Adrian Ordonez. Negotiating Parties: Strathmore Public Utility District and Jim Campbell.

Under Negotiation: Terms for purchase agreement.

Action taken: Nothing to report.

21. **ADJOURNMENT:**

Motion: LIGHTNER Second: MARTINEZ 3-0 PASSED UNANIMOUS

Time: 8:10 p.m.

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ITEM #4 FINANCIAL REPORT**MAY 2025
Financial Report**

Previous Month Bank / Cash Balance **\$824,741.10**

Deposits

Water & Sewer Service Income & Misc.	64,121.88
Billing Plainview	1,000.00
Interest Income	55.16
Property Tax Revenue	4,288.31

Total Deposits **69,465.35**

Withdrawals

Checks	61,152.25
BANK CARD FEE	0.73

(61,152.98)

Bank Balance End of Month **833,053.47**

Bank / Cash Balances

Cash on Hand	250.00
LAIF	3,826.52
Cash at County	0.00
Checking Citizens Business Bank	157,828.33
Money Market Account (Citizens Business Bank)	671,148.62

Total **833,053.47**

Available for Use

Total End of Month Balance	833,053.47
Reserve Funds balance	<u>(588,039.15)</u>
Available for Use	<u>245,014.32</u>

Difference **0.00**

Strathmore Public Utility District
Check/Payment Register Report (BK3030)

FINANCIAL REPORT

ITEM #4
12-Jun-25

From Bank Code	[1020] To [1020]									
From Payment Date	[5/1/2025] To [5/31/2025]									
Payment Number	Payment/ Reversal	Srce. D Appl.	Payee Name					Bank Payment Amount		
Bank: 1020 - Citizens Bank Checking										
Payment Type:	Check									
32111	5/8/2025	UP	BRIGGS ALLANEY	Director Stipend					205.09	
32112	5/8/2025	UP	LIGHTNER CHRISTINA	Director Stipend					182.30	
32113	5/8/2025	UP	MARTINEZ NICHOLAS I	Director Stipend					182.30	
32114	5/15/2025	UP	Mc ELHANEY MARK A	Wages Employees					1,396.60	
32115	5/15/2025	UP	ORDONEZ ADRIAN I	Wages Employees					2,833.60	
32116	5/15/2025	UP	SANCHEZ ADELAIDA	Wages Employees					2,029.68	
32117	5/15/2025	UP	VALLES ROMAN	Wages Employees					0.00	
32118	5/15/2025	AP	AT&T Mobility	Cell & iPad Service					181.13	
32119	5/8/2025	AP	Internal Revenue Service	Payroll tax on employee wages					2,486.29	
32120	5/8/2025	AP	ANTHEM BLUE CROSS	Employee Health Care					4,832.49	
32121	5/8/2025	AP	BSK Associates	Lab Testing					1,439.28	
32122	5/8/2025	AP	CORE & MAIN LP	10 Man Hole Risers					2,637.56	
32123	5/8/2025	AP	INNOVATIVE CONTROLS	Renewal of License					350.00	
32124	5/8/2025	AP	JACK GRIGGS INC	Fuel Vehicle & Generators					736.00	
32125	5/8/2025	AP	LOWE'S	Misc Repairs					131.07	
32126	5/8/2025	AP	McCormick, Kabot & Lew	Legal fees February					1,703.50	
32127	5/8/2025	AP	National Bank of Arizona	Drywell pump & Cell phone access					297.95	
32128	5/8/2025	AP	Post Master	425 Box fees					226.00	
32129	5/8/2025	AP	PRINCIPAL LIFE INSURANCE COMPANY	employee Vision & Dental					375.10	
32130	5/8/2025	AP	San Joaquin Pest Control	Pest Control					91.00	
32131	5/8/2025	AP	Southern California Edison	Utility Electricity					4,879.69	
32132	5/8/2025	AP	CHARTER COMMUNICATIONS	Internet & Telephone Service					280.00	
32133	5/15/2025	AP	TCERA	Retirement					2,593.01	
32134	5/30/2025	AP	TCERA	Retirement					2,593.01	
32135	5/8/2025	AP	THATCHER COMPANY OF CAIFORNIA	10 Chlorine Cylinders					10,521.49	
32136	5/8/2025	AP	So Cal Gas	Utility Gas					64.22	
32137	5/8/2025	AP	USA STAFFING INC	Extra Help					2,880.74	
32138	5/8/2025	AP	Waste Management	Trash service					310.06	
32139	5/8/2025	AP	BSK Associates	Lab Testing					501.98	
32140	5/8/2025	AP	CARROLL'S TIRE WAREHOUSE	Fix Tractor Tire					170.00	
32141	5/8/2025	AP	Cline's Business Equipment, Inc	Copy service contract					89.79	
32142	5/8/2025	AP	Total Knowledge Computer Service	Diagnose Sage Errors					425.00	
32143	5/8/2025	AP	USA STAFFING INC	Extra Help					729.30	
32144	5/30/2025	UP	Mc ELHANEY MARK A	Wages Employees					1,712.37	
32145	5/30/2025	UP	ORDONEZ ADRIAN I	Wages Employees					3,035.78	
32146	5/30/2025	UP	SANCHEZ ADELAIDA	Wages Employees					2,135.42	
32147	5/30/2025	UP	VALLES ROMAN	Wages Employees					0.00	
32148	5/30/2025	AP	HELEN SANCHEZ	Extra Help (Business Office)					136.13	
32149	5/30/2025	AP	USA STAFFING INC	Extra Help					1,993.42	
32150	5/30/2025	AP	Employment Development Department	Payroll tax on employee wages					1,151.79	
32151	5/30/2025	AP	Internal Revenue Service	Payroll tax on employee wages					2,632.11	
Total for Payment Type:								61,152.25		

Strathmore Public Utility District
Balance Sheet
May 31, 2025

FINANCIAL REPORT
ITEM #4

ASSETS

	<u>Total</u>	<u>Water</u>	<u>Sewer</u>	<u>WTP</u>	<u>Unallocated</u>
Cash & Cash Equivalents					
Cash on Hand	250.00	162.50	87.50	0.00	0.00
Citizen's Business Bank Checking	157,828.23	86,774.68	54,714.11	16,339.44	0.00
Local Agency Investment Fund	3,826.52	3,826.52	0.00	0.00	0.00
Investment Accounts	671,148.62	259,766.48	407,327.48	4,054.66	0.00
Total Cash & Cash Equivalents	833,053.37	350,530.18	462,129.09	20,394.10	0.00
Other Current Assets					
Accounts Receivable Utility Star	15,729.93	7,107.72	8,622.21	0.00	0.00
Accounts Receivable LSID	15,593.52	0.00	0.00	15,593.52	0.00
Accounts Receivable	1,000.00	1,000.00	0.00	0.00	0.00
Receivable	(227.77)	(155.26)	(72.51)	0.00	(0.00)
Grant Receivable	(32,765.95)	(32,765.95)	0.00	0.00	0.00
Prepaid Insurance	22,913.43	6,622.15	7,836.14	8,455.14	0.00
Clearing Transfers to/from Other Services	0.00	1,368,721.69	86,823.15	(1,455,544.84)	0.00
Total Other Current Assets	22,243.16	1,350,530.35	103,208.99	(1,431,496.18)	(0.00)
Fixed Assets					
Land	56,204.54	46,798.00	9,406.54	0.00	0.00
Buildings	383,135.82	168,222.92	214,912.90	0.00	0.00
Disposal Plant	133,421.06	0.00	133,421.06	0.00	0.00
Sewer Main	383,774.83	0.00	383,774.83	0.00	0.00
Water Tank	111,570.00	111,570.00	0.00	0.00	0.00
Pumps & Sand Traps	84,570.32	5,690.57	78,879.75	0.00	0.00
Meters	7,202.52	7,202.52	0.00	0.00	0.00
Water Mains	875,022.88	875,022.88	0.00	0.00	0.00
Wells / Well Pipes & Casing	70,527.00	70,527.00	0.00	0.00	0.00
Office Equipment	44,521.24	25,626.16	18,895.08	0.00	(0.00)
Furniture & Fixtures	9,122.77	4,964.39	4,158.38	0.00	0.00
Canal Storage Project	704,545.00	704,545.00	0.00	0.00	0.00
Autos, Trucks & Trailers	104,004.80	57,285.08	46,719.72	0.00	0.00
Shop Equipment	109,105.21	19,664.00	76,166.21	13,275.00	0.00
Landscaping	1,999.83	999.92	999.91	0.00	0.00
Water Treatment Plant	2,864,496.37	2,838,376.50	0.00	26,119.87	0.00
Community Development	1,390.03	695.02	695.01	0.00	0.00
Waterline Project	1,306,275.77	1,306,275.77	0.00	0.00	0.00
Accumulated Depreciation	(4,731,263.43)	(4,045,870.00)	(668,443.23)	(16,950.20)	0.00
Total Fixed Assets	2,519,626.56	2,197,595.73	299,586.16	22,444.67	0.00
Other Assets					
Deposits Paid	6,457.14	1,317.92	2,770.37	2,368.85	0.00
Cross Valley Capacity Rights	117,000.00	62,010.00	54,990.00	0.00	0.00
Cross Valley Capacity Rights	37,194.10	37,194.10	0.00	0.00	0.00
Total Other Assets	160,651.24	100,522.02	57,760.37	2,368.85	0.00
Total Assets	3,535,574.33	3,999,178.28	922,684.61	(1,386,288.56)	0.00

LIABILITIES AND EQUITY

Current Liabilities					
Accounts Payable	61,558.95	49,200.17	4,469.71	7,889.07	0.00
Accrued Expenses	134,035.91	71,167.73	62,868.18	0.00	(0.00)
Other Current Liabilities	384,092.10	205,022.10	179,070.00	0.00	0.00
Total Current Liabilities	579,686.96	325,390.00	246,407.89	7,889.07	0.00
Long-Term Liabilities					
Davis/Grunksky Loan	242,061.70	242,061.70	0.00	0.00	0.00
Waterline Project	188,125.00	188,125.00	0.00	0.00	0.00
Canal Storage	73,419.68	73,419.68	0.00	0.00	0.00
Total Long-Term Liabilities	503,606.38	503,606.38	0.00	0.00	0.00
Fund Balances					
Closing Account	(476,875.20)	106,207.26	(55,267.25)	(527,815.21)	0.00
Prior Year Adjustment	3,460.12	795.58	1,711.96	952.58	0.00
Invested in Capital Assets	1,906,996.28	1,518,161.14	361,089.18	27,745.96	(0.00)
Restricted for Plant Expansion	725,828.23	384,825.23	341,003.00	0.00	0.00
Unreserved, Undesignated	99,076.31	693,190.54	52,313.66	(646,427.89)	0.00
Restricted for Debt Service	120,372.44	120,372.44	0.00	0.00	0.00
Profit (loss) for period	73,422.81	346,629.71	(24,573.83)	(248,633.07)	0.00
Total Equity	2,452,280.99	3,170,181.90	676,276.72	(1,394,177.63)	(0.00)
Total Liabilities & Fund Balances	3,535,574.33	3,999,178.28	922,684.61	(1,386,288.56)	(0.00)

Strathmore Public Utility District					ITEM #4 FINANCIAL REPORT			
Statement of Earnings - Accrual Basis								
For The Period Ending May 31, 2025								
	Month to Date				Year to Date			
	Total	Water	Sewer	WTP	Total	Water	Sewer	WTP
Revenues								
Service Income	51,672.63	34,821.80	16,850.83	0.00	571,484.38	386,528.51	184,955.87	0.00
Penalty Income	1,114.14	758.95	355.19	0.00	12,918.87	8,883.16	4,035.71	0.00
Check Return Fee	0.00	0.00	0.00	0.00	50.00	32.50	17.50	0.00
Turn On/Turn Off Income	0.00	0.00	0.00	0.00	682.00	443.25	238.75	0.00
Hand Delivered Income Charges	200.00	130.00	70.00	0.00	2,400.00	1,543.75	856.25	0.00
Other Sales	10.00	10.00	0.00	0.00	180.00	180.00	0.00	0.00
Drought Violation	300.99	300.99	0.00	0.00	2,801.55	2,801.55	0.00	0.00
Legal Fees Billed	0.00	0.00	0.00	0.00	585.00	585.00	0.00	0.00
Billing Services for Plainview	1,000.00	1,000.00	0.00	0.00	11,000.00	11,000.00	0.00	0.00
Rental Income	10,174.73	2,203.03	7,971.70	0.00	111,118.20	23,961.67	87,156.53	0.00
LSID Water Treatment Reimb	7,022.79	0.00	0.00	7,022.79	88,024.80	0.00	0.00	88,024.80
LSID WTP Deprec Reimb	1,143.04	0.00	0.00	1,143.04	4,572.16	0.00	0.00	4,572.16
Total Revenues	72,638.32	39,224.77	25,247.72	8,165.83	805,816.96	435,959.39	277,260.61	92,596.96
Salaries & Employee Benefits								
Wages	18,937.00	4,205.89	8,169.45	6,561.66	196,096.10	42,786.32	83,844.14	69,465.64
Director Fees	625.00	208.31	208.31	208.38	6,875.00	2,291.43	2,291.43	2,292.14
Payroll Taxes	1,506.51	341.02	644.25	521.24	15,327.63	2,853.47	6,787.03	5,687.13
Health Insurance	5,207.59	1,084.72	2,174.32	1,948.55	55,164.38	11,481.38	23,023.30	20,659.70
Retirement	4,100.84	897.37	1,777.19	1,426.28	44,897.86	9,827.99	19,463.65	15,606.22
Workers Compensation Ins	1,190.40	216.29	470.00	504.11	9,752.31	1,816.82	3,795.91	4,139.58
Total Salaries & Emp Ben	31,567.34	6,953.60	13,443.52	11,170.22	328,113.28	71,057.41	139,205.46	117,850.41
Services & Supplies								
Accounting	0.00	0.00	0.00	0.00	4,070.05	1,387.95	1,387.93	1,294.17
Audit	0.00	0.00	0.00	0.00	18,700.00	6,233.34	6,233.32	6,233.34
Bank Charges	0.73	0.37	0.36	0.00	447.23	230.01	207.22	10.00
Chloration / Chemicals	(1,500.00)	0.00	0.00	(1,500.00)	47,314.50	0.00	0.00	47,314.50
Computer Support	425.00	141.67	141.66	141.67	425.00	141.67	141.66	141.67
Computer Software	874.00	291.33	291.34	291.33	5,733.99	2,569.66	2,569.67	594.66
Contracted Services	2,858.85	748.76	1,429.43	680.66	31,835.90	8,163.30	15,849.95	7,822.65
Dues & Subscriptions	0.00	0.00	0.00	0.00	5,887.02	370.67	5,295.68	220.67
Engineering	0.00	0.00	0.00	0.00	66,976.42	14,850.40	10,803.05	41,322.97
Fuel - Equipment	0.00	0.00	0.00	0.00	1,337.56	0.00	417.60	919.96
Insurance - General	2,637.25	597.83	888.25	1,151.17	26,876.56	6,040.66	8,824.60	12,011.30
Interest Expense	0.00	0.00	0.00	0.00	4,007.35	4,007.35	0.00	0.00
Janitorial Supplies	76.76	10.67	10.67	55.42	469.79	86.13	86.13	297.53
Legal	0.00	0.00	0.00	0.00	12,826.57	6,751.84	3,407.89	2,666.84
Miscellaneous	220.00	80.00	10.00	130.00	3,631.50	1,502.62	455.76	1,673.12
Office Expenses	504.28	323.29	90.51	90.48	7,429.08	3,846.04	2,550.69	1,032.35
Permits, Licenses, Fees	350.00	0.00	0.00	350.00	38,898.06	3,544.97	33,506.46	1,846.63
Professional	0.00	0.00	0.00	0.00	19,842.34	0.00	14,534.32	5,308.02
Repair & Maint - Equipment	679.91	79.10	249.10	351.71	29,655.83	1,246.68	9,098.49	19,310.66
Repair & Maint - Vehicles	635.62	211.87	211.87	211.88	7,806.45	2,602.12	2,602.17	2,602.16
Repair & Maint - Structures	46,236.33	44,926.27	1,000.00	310.06	76,553.01	47,018.31	22,446.03	7,088.67
Small Tools	64.64	21.55	21.55	21.54	6,153.58	1,158.37	2,259.71	2,735.50
Special Expenses	0.00	0.00	0.00	0.00	5,950.81	5,950.81	0.00	0.00
Telephone	490.45	140.15	140.15	210.15	5,152.94	1,461.05	1,461.01	2,230.88
Testing Fees Laboratory	1,437.01	107.12	428.42	901.47	14,573.32	2,508.22	5,618.54	6,446.56
Travel & Conventions	94.80	94.80	0.00	0.00	194.80	128.13	33.34	33.33
Utilities	5,170.57	42.45	929.11	4,199.01	67,902.31	3,345.65	11,674.87	52,881.79
Total Services & Supplies	61,256.20	47,817.23	5,842.42	7,596.55	510,651.97	125,145.95	161,466.09	224,039.93
Net Operating Income (Loss)	(20,185.22)	(15,546.06)	5,961.78	(10,600.94)	(32,948.29)	239,756.03	(23,410.94)	(249,293.38)
Other Income (Expense)								
Property Taxes	4,288.31	4,288.31	0.00	0.00	108,336.24	108,745.73	(1,552.53)	1,143.04
Property Taxes - Admin Fees	0.00	0.00	0.00	0.00	(2,201.00)	(2,201.00)	0.00	0.00
Interest Income	55.16	21.35	33.48	0.33	728.36	328.95	389.64	9.77
Total other Income (Expenses)	4,343.47	4,309.66	33.48	0.33	106,863.60	106,873.68	(1,162.89)	1,152.81
Net Income (Loss)	(15,841.75)	(11,236.40)	5,995.26	(10,600.61)	73,915.31	346,629.71	(24,573.83)	(248,140.57)

Strathmore Public Utility District					ITEM #4 FINANCIAL REPORT			
Cash Flow								
For The Year Ending May 31, 2025								
	Month to Date				Year to Date			
	Total	Water	Sewer	WTP	Total	Water	Sewer	WTP
Net Income (Loss)	(15,841.75)	(11,236.40)	5,995.26	(10,600.61)	73,915.31	346,629.71	(24,573.83)	(248,140.57)
Add Items in Operations no Requiring Cash								
Cash Provided by								
Decrease (Increase) Receivables	(7,516.54)	(2,822.86)	(4,693.68)	0.00	16,203.65	28,572.97	(12,369.32)	0.00
Decrease (Increase) Prepaids	3,827.65	814.12	1,358.25	1,655.28	(10,249.10)	(2,201.92)	(3,232.48)	(4,814.70)
Intercompany Change	0.00	(24,391.39)	0.00	24,391.39	0.00	(257,094.14)	60,189.13	196,905.01
Increase (Decrease) Payables	27,842.91	43,199.49	(3,964.20)	(11,392.38)	17,419.76	31,216.59	1,857.38	(15,654.21)
Increase (Decrease) Deposits from Oth	0.00	0.00	0.00	0.00	155.69	155.69	0.00	0.00
Less								
Cash Expended for								
Fixed Assets								
Loan Principal Payments								
Differed Interest Payable, Water	0.00	0.00	0.00	0.00	(539.88)	(539.88)	0.00	0.00
Davis/Grunsky Loan	0.00	0.00	0.00	0.00	(76,783.62)	(76,783.62)	0.00	0.00
Waterline Project	0.00	0.00	0.00	0.00	(7,525.00)	(7,525.00)	0.00	0.00
Canal Storage	0.00	0.00	0.00	0.00	(5,063.44)	(5,063.44)	0.00	0.00
Cash Increase (Decrease) for Period	8,312.27	5,562.96	(1,304.37)	4,053.68	7,533.37	57,366.96	21,870.88	(71,704.47)
Beginning Cash Balances	824,741.10	344,967.22	463,433.46	16,340.42	826,012.50	292,889.28	439,534.61	93,588.61
Ending Cash Balances	833,053.37	350,530.18	462,129.09	20,394.10	833,545.87	350,256.24	461,405.49	21,884.14
Available Cash Balance	833,053.37	350,530.18	462,129.09	20,394.10	833,545.87	350,256.24	461,405.49	21,884.14
Reserve Funds								
Davis Grunsky	(78,967.22)	(78,967.22)	0.00	0.00	(78,967.22)	(78,967.22)	0.00	0.00
Customer Deposits	(1,416.75)	(1,416.75)	0.00	0.00	(1,416.75)	(1,416.75)	0.00	0.00
Sewer Depreciation Reservie	(48,165.51)	0.00	(48,165.51)	0.00	(48,165.51)	0.00	(48,165.51)	0.00
Capacity Rights Fees	(440,913.88)	(157,585.68)	(283,328.20)	0.00	(440,913.88)	(157,585.68)	(283,328.20)	0.00
Canal Storage	(5,063.45)	(5,063.45)	0.00	0.00	(5,063.45)	(5,063.45)	0.00	0.00
Waterline	(15,050.00)	(15,050.00)	0.00	0.00	(15,050.00)	(15,050.00)	0.00	0.00
Total Reserve Funds	(589,576.81)	(258,083.10)	(331,493.71)	0.00	(589,576.81)	(258,083.10)	(331,493.71)	0.00
Cash Balance Available for Use	243,476.56	92,447.08	130,635.38	20,394.10	243,969.06	92,173.14	129,911.78	21,884.14
Bank Balance End of Period	Total				Total			
Cash on Hand	250.00				250.00			
LAIF	3,826.52				3,826.52			
Checking - Citizen's Business Bank	157,828.23				157,828.23			
Money Market Account - Citizen's Busines	671,148.62				671,148.62			
Ending Cash Balances	833,053.37				833,053.37			

Bank Reconciliation Posting Journal (BK1470)

-- Bank Reconciliation Summary --

Bank 1020 Citizens Bank Checking
Reconciliation Date 5/31/2025
Reconciliation Year-Period 2025-11
Statement Date 5/31/2025
Statement Currency USD U.S. Dollars
Reconciliation Description BANK REC FOR MAY 31, 2025

Statement Balance	175,810.17	Book Balance	157,828.23
+ Deposits Outstanding	0.00	+/- Bank Entries Not Posted	0.00
- Withdrawals Outstanding	17,981.94	+/- Write-Offs	0.00
+ Deposit Bank Errors	0.00	- Credit Card Charges	0.00
- Withdrawal Bank Errors	0.00		
Adjusted Statement Balance	157,828.23	Adjusted Book Balance	157,828.23
		Out of Balance by	0.00

Bank Reconciliation Posting Journal (BK1470)

Transaction Number	Srce. Appl.	Date	Reconciliation Status	Outstanding Amount	Cleared Amount	Difference
Withdrawals:						
TR000000000000000003615	BK	5/8/2025	Cleared	0.73	0.73	0.00
32100	AP	4/30/2025	Cleared	2,593.01	2,593.01	0.00
32105	UP	4/30/2025	Cleared	1,494.12	1,494.12	0.00
32106	UP	4/30/2025	Cleared	2,889.29	2,889.29	0.00
32107	UP	4/30/2025	Cleared	2,100.80	2,100.80	0.00
32111	UP	5/8/2025	Cleared	205.09	205.09	0.00
32112	UP	5/8/2025	Cleared	182.30	182.30	0.00
32113	UP	5/8/2025	Cleared	182.30	182.30	0.00
32114	UP	5/15/2025	Cleared	1,396.60	1,396.60	0.00
32115	UP	5/15/2025	Cleared	2,833.60	2,833.60	0.00
32116	UP	5/15/2025	Cleared	2,029.68	2,029.68	0.00
32117	UP	5/15/2025	Cleared	0.00	0.00	0.00
32118	AP	5/15/2025	Cleared	181.13	181.13	0.00
32119	AP	5/8/2025	Cleared	2,486.29	2,486.29	0.00
32120	AP	5/8/2025	Cleared	4,832.49	4,832.49	0.00
32121	AP	5/8/2025	Cleared	1,439.28	1,439.28	0.00
32122	AP	5/8/2025	Cleared	2,637.56	2,637.56	0.00
32123	AP	5/8/2025	Cleared	350.00	350.00	0.00
32124	AP	5/8/2025	Cleared	736.00	736.00	0.00
32125	AP	5/8/2025	Cleared	131.07	131.07	0.00
32126	AP	5/8/2025	Cleared	1,703.50	1,703.50	0.00
32127	AP	5/8/2025	Cleared	297.95	297.95	0.00
32128	AP	5/8/2025	Cleared	226.00	226.00	0.00
32129	AP	5/8/2025	Cleared	375.10	375.10	0.00
32130	AP	5/8/2025	Cleared	91.00	91.00	0.00
32131	AP	5/8/2025	Cleared	4,879.69	4,879.69	0.00
32132	AP	5/8/2025	Cleared	280.00	280.00	0.00
32133	AP	5/15/2025	Cleared	2,593.01	2,593.01	0.00
32135	AP	5/8/2025	Cleared	10,521.49	10,521.49	0.00
32136	AP	5/8/2025	Cleared	64.22	64.22	0.00
32137	AP	5/8/2025	Cleared	2,880.74	2,880.74	0.00
32138	AP	5/8/2025	Cleared	310.06	310.06	0.00
32139	AP	5/8/2025	Cleared	501.98	501.98	0.00
32140	AP	5/8/2025	Cleared	170.00	170.00	0.00
32141	AP	5/8/2025	Cleared	89.79	89.79	0.00
32143	AP	5/8/2025	Cleared	729.30	729.30	0.00
32147	UP	5/30/2025	Cleared	0.00	0.00	0.00
32150	AP	5/30/2025	Cleared	1,151.79	1,151.79	0.00
32151	AP	5/30/2025	Cleared	2,632.11	2,632.11	0.00
Withdrawals Total:				58,199.07	58,199.07	0.00
Bank Total:				11,211.02	11,211.02	

-- Bank Reconciliation Summary --

Bank 1090 Citizens Business Bank Money Market
Reconciliation Date 5/31/2025
Reconciliation Year-Period 2025-11
Statement Date 5/31/2025
Statement Currency USD U.S. Dollars
Reconciliation Description MONEY MARKET ALLOCATION MAY 31, 2025

Statement Balance	671,148.63	Book Balance	671,148.63
+ Deposits Outstanding	0.00	+/- Bank Entries Not Posted	0.00
- Withdrawals Outstanding	0.00	+/- Write-Offs	0.00
+ Deposit Bank Errors	0.00	- Credit Card Charges	0.00
- Withdrawal Bank Errors	0.00		
Adjusted Statement Balance	671,148.63	Adjusted Book Balance	671,148.63
		Out of Balance by	0.00

From Posting Sequence

[2] To [1456]

Reprint Previously Printed Journals

[No]

Print Deposit Details

[No]

Print G/L Summary

[Yes]

Transaction Number	Sree. Appl.	Date	Reconciliation Status	Outstanding Amount	Cleared Amount	Difference
Posting Sequence:	1,456					
Bank:	1090 - Citizens Business Bank Money Market					
Deposits:						
TR000000000000000003660	BK	5/31/2025	Cleared	55.16	55.16	0.00
Deposits Total:				55.16	55.16	0.00
Bank Total:				55.16	55.16	



Jaribu W. Nelson, CPA

P.O. Box 1105, Clovis, CA 93613 • Ph: (559) 286-7546 • Email: jaribucpa@gmail.com

June 2, 2025

Board of Directors and Management

Strathmore Public Utility District
19626 Orange Belt Dr
Strathmore, CA 93267

We are pleased to confirm our understanding of the services we are to provide Strathmore Public Utility District for the year ended June 30, 2025.

We will audit the statement of net position as of June 30, 2025, and the related statements of revenues, expenses, and changes in net position, and cash flows, including the related notes to the financial statements, which collectively comprise the basic financial statements of Strathmore Public Utility District as of and for the year ended June 30, 2025.

We have also been engaged to report on supplementary information other than RSI that accompanies Strathmore Public Utility District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

1) Management's Discussion and Analysis

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Strathmore Public Utility District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Strathmore Public Utility District's financial statements. Our report will be addressed to the Board of Directors of Strathmore Public Utility District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Strathmore Public Utility District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste and abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that some material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Strathmore Public Utility District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Management Responsibilities

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed

to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including identification of all related parties and all related-party relationships and transactions, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Organization; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Jaribu W. Nelson, CPA and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the California State Controller or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Jaribu W. Nelson, CPA personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the California State Controller. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit upon receipt of the signed engagement letter and to issue our reports no later than 60 days from signature. Jaribu W. Nelson is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We estimate that our fee for the audit will not exceed \$17,000. The fee to prepare the Financial Transactions Report will not exceed \$1,500. If GASB 68 implementation is required, the fee will not exceed \$1,200. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Our fee schedule is as follows: \$8,000 due with the signing of the engagement letter

Remaining balance due at presentation of audit report

We appreciate the opportunity to be of service to Strathmore Public Utility District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Jaribu W. Nelson, CPA

Jaribu W. Nelson, CPA

RESPONSE:

This letter correctly sets forth the understanding of Strathmore Public Utility District.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

Strathmore Public Utility District

REQUEST TO BE PLACED ON BOARD AGNDA

(Requests should be made no later than the **second Monday** of each month)

19535 Richardson
Acct # 30011-00

REC'D STRATHMORE PUI
MAY 21 2025 AM 11:01

Requestor:

Name Lorraine Newkirk.

Address 1140 W Mineral King Ste 103 City Visalia

State CA Zip 93291 Contact Number 559-553-3610

Reason for Request:

Requesting to be put on water & sewage service
wait list.

Signature _____ Date _____

Recording requested by
PACIFIC COAST TITLE COMPANY

RECORDING REQUESTED BY: *Simplifile*
Pacific Coast Title Company
Escrow No.: 10307156-POR-AB
Title No.: 10307156-OCT-CV

**When Recorded Mail Document
and Tax Statement To:**

ULLOA INVESTMENT GROUP, LLC,, A CALIFORNIA
LIMITED LIABILITY COMPANY
1640 West Mineral King Ste. 102
Visalia, CA 93291

10307156-666
APN: 215-142-006-000

Recorded In Official Records
County of Tulare
Tara K. Freitas, CPA
Assessor-Clerk-Recorder

DOC# 2025-0021502

05/13/2025

12:58 PM

Titles: 1 Pages: 3

Fees	\$30.00
Transfer Tax	\$128.70
CA SB2 Fee	\$0.00
Total	\$158.70

REC'D STRATHMORE PUL
MAY 21 2025 AM 11:08

30011-00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

The undersigned grantor(s) declare(s)

Documentary Transfer Tax is **\$128.70**; City Tax **\$0.00**

- ☒ computed on full value of property conveyed, or
☐ computed on full value less value of liens or encumbrances remaining at time of sale or transfer,
☒ Unincorporated Area of Strathmore and
☐ Fund Survey Monument Preservation – \$10.00 per Govt 27584 / and CCC Ord 64.6

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

SILVA'S INVESTMENT, LLC., A CALIFORNIA LIMITED LIABILITY COMPANY

hereby GRANT(S) to

ULLOA INVESTMENT GROUP, LLC,, A CALIFORNIA LIMITED LIABILITY COMPANY

the following real property in the **Unincorporated Area of Strathmore**, County of Tulare, State of California:

See Exhibit "A" attached hereto and made a part hereof.

Commonly known as: 19535 Richardson Road, Strathmore, CA 93267

01-05-00A09:56 RCVD



1999-0092589

RECORDED AT THE REQUEST OF
AND RETURN TO:

STRATHMORE PUBLIC UTILITY DISTRICT
P. O. BOX 425
STRATHMORE, CA 93267

#326

Recorded
Official Records
County Of
Tulare
GREGORY B. HARDCASTLE
Recorder

REC FEE .00
CONFORM .00

01:44PM 13-Dec-1999

BT
Page 1 of 2

True
copy

STRATHMORE PUBLIC UTILITY DISTRICT

DECLARATION OF ABANDONMENT OF SEWER AND WATER SERVICE

THAT WHEREAS, on September 23, 1999, the Board of Directors of the Strathmore Public Utility District caused to be recorded and mailed a Notice of Intent to Declare Sewer and Water Service Abandoned; and

WHEREAS, pursuant to said Notice, the Board of Directors held a hearing and received oral and/or written evidence on the 23rd day of November, 1999; and

WHEREAS, a Notice of Decision of the hearing has been rendered, and pursuant to said Notice of Decision, the Board of Directors decided that the property more hereinafter described has water/sewer service connection available but has failed to use the District water/sewer service or to pay the District water/sewer charges for more than sixty (60) days, and therefore the service should be abandoned;

NOW THEREFORE, the Board of Directors of the Strathmore Public Utility District does hereby declare as follows:

1. That the existing water/sewer service connection to the real property hereinafter described being owned by JAMES CURTIS JAYROE and LUCILLE JAYROE be and is hereby abandoned for use, and is no longer entitled to receive, water and/or sewer service from the District, and shall no longer be required to pay water and/or sewer service charges.

2. The Board further declares that if the property owner wishes to connect or reconnect to the District sewer and/or water service after recordation of this Declaration of Abandonment, the property owner shall first requalify for connection to the system and pay all applicable fees and charges for a new service connection.

3. The property which is the subject matter of this Declaration is described as follows:

That certain real property located at 19535 Richardson Road, Strathmore, California, and more particularly described as being located in the County of Tulare, State of California:

That portion of Lot 15 of Strathmore Colony, as per the map recorded in Book 9, pages 35 and 36 of Maps in the office of the County Recorder of said County, described as follows:

Beginning at a point in the west line of Lot 15, which point is distant southerly 350.52 feet from the northwest corner of said Lot; thence easterly 154.71 feet, more or less, to a point in the west line of County Road No. 1556, said point being 350.54 feet south of the north line of said Lot 15; thence south along the west line of said County Road, 66 feet; thence west 154.71 feet, more or less, to a point in the west line of said Lot 15, 66 feet south of the point of beginning; thence north 66 feet to the point of beginning.

SUBJECT to an easement for road purposes over the west 20 feet of said land as granted to the County of Tulare by deed dated May 6, 1941 and recorded May 7th, 1941 in Book 743 Page 37 of Official Records, and also

SUBJECT to any and all liens or encumbrances made or placed thereon subsequent to all of the conditions, restrictions and reservations set forth in said deed and record thereof, and to rights of way for roads, pipe, power and water ditches, if any, now of record.

APN 215-142-06.

ABANDON SEWER AND WATER SERVICE.

STRATHMORE PUBLIC UTILITY
DISTRICT

By: 
TED ILES, Clerk

STATE OF CALIFORNIA)

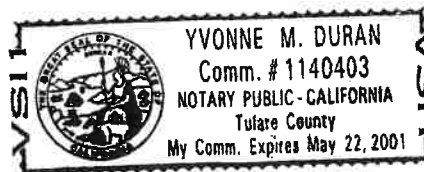
:ss.

COUNTY OF TULARE)

On 12 - 7, 1999, before me, Yvonne M. Duran, a Notary Public, personally appeared TED ILES, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Yvonne M. Duran
Notary Public



COPY

**ADDENDUM NO.2 TO
AGREEMENT FOR TEMPORARY EMPLOYMENT BETWEEN
STRATHMORE PUBLIC UTILITY DISTRICT AND MARK MCELHANEY**

This Addendum No. 2 to Agreement for Temporary Employment is entered into this 13th, of December 2024 by and between the Strathmore Public Utility District ("District") and **Mark McElhaney** ("Employee"), pursuant to the terms and conditions described herein.

The District wishes to extend Employee's term of temporary employment.

Term of Agreement

The term of this Addendum No.2 to Agreement for Temporary Employment Between Strathmore Public Utility District and **Mark McElhaney**, commences November 16, 2024 and will terminate on **June 30, 2025, or at the time District's regular full time employee returns, whichever occurs first.**

All Other Terms Incorporated

All other terms and conditions specified in the Agreement executed May 2024, not inconsistent with this Addendum, shall remain in full force and effect.

Executed this 16th day of December, 2024

STRATHMORE PUBLIC
UTILITY DISTRICT

/s/ 
Adrian I. Ordonez, General Manager

EMPLOYEE

/s/ 
Mark McElhaney

COPY

AGREEMENT FOR TEMPORARY EMPLOYMENT BETWEEN STRATHMORE PUBLIC UTILITY DISTRICT AND MARK MCELHANEY

This Agreement is entered into this 17th day of May 2024 by and between the Strathmore Public Utility District (District) and Mark McElhaney ("Employee"), pursuant to the terms and conditions described herein.

The district wishes to employ the services of Mark McElhaney in the capacity of outside maintenance, a temporary position effective May 17, 2024, through August 15, 2024 or until the District's regular full time employee returns, whichever occurs first.

Mark McElhaney shall represent and support the policies and procedures established by the District Board of Directors and the General Manager.

Where provisions of this Agreement conflict or contradict provisions in the District Employee Handbook, this Agreement shall take precedent over the Handbook.

Term of Agreement

This agreement shall commence May 17, 2024 and be effective until August 15, 2024 or until the District's regular full time employee returns, whichever occurs first.

Hours and Compensation

The salary shall be at hourly rate of \$19.00 per hour, as approved by the District Board of Directors. Compensation shall be provided in equal payments consistent with the employee payroll periods of the District.

Employee understands that he may be scheduled to work up to 40 hours per week during this limited term of employment. The expected work hours are as follows, but are subject to change at the discretion of the General Manager of the District: Thursday through Monday 8:00am to 4:30pm Friday through Tuesday 9:00 to 4:30 pm.

Benefits

As a Temporary Employee, employed for a limited and specific duration, Employee shall not be entitled to regular full time employee benefits, except for Workers' Compensation Benefits and sick leave as specified in the handbook and following applicable State law.

Pursuant to the handbook, Temporary employees who are hired for a specific and limited period of less than six months are eligible only for worker's compensation benefits and sick leave. Employees hired for a period of less than six months shall receive one and one-half sick leave days to use at their discretion. Temporary employees can accrue no more than 6 six days of sick leave.

Termination

Employee expressly acknowledges and agrees that he serves the District in a temporary "at will" position, and that the District Board of Directors may exercise its uncontrolled discretion in terminating your employment with the District. As a temporary employee you will not be subject

50
COPY

to the pre-disciplinary or pre-termination procedures set forth in the handbook. And you may be terminated from your employment with the District at any time. Employee has the right to resign from employment with the District at any time but will make good faith efforts to provide at least two weeks' prior notice to the district, if he is unable or unwilling to continue his employment for the specified term.

Executed this 17th day of May, 2024

STRATHMORE PUBLIC
UTILITY DISTRICT

EMPLOYEE

/s/ _____
Adrian I Ordonez, General Manager

/s/ _____
Mark McElhanev

LEASE

THIS LEASE made and entered into as of 1st day of November, 2020, by and between the STRATHMORE PUBLIC UTILITY DISTRICT, a Public Utility District organized and existing pursuant to the Public Utility Code of the State of California, with its principal place of business located in the County of Tulare, State of California (the "LESSOR"), and CMC Propane Inc., a California Corporation, ("LESSEE").

WITNESSETH

ARTICLE I

DEMISE OF LEASE PREMISE

Section 1.01. Leased Premise. Lessor for and in consideration of the rents, covenants, and conditions herein contained to be kept, performed, and observed, does hereby lease and demise to Lessee, and Lessee does hereby rent and accept from Lessor, the leased premises and improvements located at 19531 CA 65 HWY, Strathmore, California 93267.

Section 1.02. Lessor's Warranty of Quiet Enjoyment. Lessor covenants and agrees that Lessee, upon paying the rent and other charges herein provided for and observing and keeping the covenants, conditions and terms of this Lease on Lessee's part to be kept or performed, shall lawfully and quietly hold, occupy and enjoy the leased premise during the term of this lease without hindrance or molestation by Lessor or any person claiming under Lessor.

ARTICLE 2

LEASE TERM

Section 2.01. Fixed Commencement and Expiration Date. The term of this Lease will be for five years, referred to as the "leased term", commencing on November 1, 2020, and terminating on November 30, 2025.

ARTICLE 3

RENT, TAXES AND UTILITIES

Section 3.01. Rent. Lessee does hereby agree to pay to Lessor as rent for the leased

premise, a monthly rental of \$4,000.00 per month from November 1, 2020, through November 30, 2025. Every year of the term thereafter, commencing on November 1st of each year, the monthly rent shall increase in accordance with the CPI index percentage increase for the Los Angeles area. In the event there is no CPI percentage increase, the monthly rent shall remain the same. The payment of rent for November and December 2020 (\$8,000.00) shall be payable at the time of the execution of the lease by the parties.

Section 3.01.1 Additional Rent. Lessee acknowledges that it has had possession of the premises since August 1, 2020. Lessee agrees to pay additional rent owed in the total amount of \$12,000.00 and shall pay an additional \$2,000.00 per month commencing on January 1, 2021, with the final additional \$2,000.00 payment made with the June 2021 rent.

Section 3.02. Utilities. Lessee agrees to pay in addition to rent during the terms of this Lease, and all utilities, including but not limited to electric, gas, telephone, trash collection, and other utilities and charges assessed against the demised premises.

Section 3.03. Personal Property Taxes. Lessee is responsible for and shall pay all personal property taxes levied and assessed against any property owned by Lessee located upon the leased premises.

Section 3.04 Real Property Taxes. The property interest created by this Lease may be subject to property taxation, and the party in whom the possessory interest is vested (*i.e.*, Lessee) may be subject to taxation. Lessee is responsible for and shall pay any real property taxes levied and assessed against the premise, including, but not limited to, any taxes on Lessee's possessory interest or any taxes on any improvements on the premises.

ARTICLE 4

USE OF THE PREMISE

Section 4.01. Primary Use. Lessee shall use the leased premises for the operation of a propane business, including the storage and sale of propane. In connection therewith, the Lessee shall comply with all rules, regulations, statutes, and ordinances or governmental authorities, and shall hold

the Lessor harmless from any penalties or damage arising out of the use of the leased premises by the Lessee.

The Lessor shall have the right at all times during the terms of this Lease, to enter upon the premise, or any part thereof, for the purpose of inspecting the same, to see that the Lessee is properly performing the terms, covenants and conditions imposed on the Lessee pursuant to this Lease.

ARTICLE 5

MECHANIC'S LIENS

Section 5.01. Prohibition of Liens on Fee or Leasehold Interest. Lessee shall not suffer or permit any mechanic's liens or other liens to be filed against the fee of the leased premises nor against Lessee's leasehold interest in the premises nor any building or improvements on the leased premises by reason of any work, labor, services or materials supplied or claims to have been supplied to Lessee or anyone holding the leased premises or any part thereof through or under Lessee.

Section 5.02. Removal of Liens by Lessee. If any such mechanic's liens or materialman's liens shall be recorded against the leased premises, or any improvements thereof, Lessee shall cause the same to be removed; in the alternative, if Lessee in good faith desires to contest the same, Lessee shall be privileged to do so, but in such case, Lessee hereby agrees to indemnify and save the Lessor harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure upon said mechanic's lien, cause the same to be discharged and removed prior to the execution of such judgment.

ARTICLE 6

INDEMNITY AND INSURANCE

Section 6.01.

(a) Lessor not liable for Damages. Lessor shall not be liable at any time for any loss, damage or injury to the property or person whomsoever at any time occasioned by or arising out of an act or omission of the Lessee or of anyone holding under Lessee.

(b) Indemnification of Lessor. Notwithstanding anything to the contrary in this

Lease, and irrespective of any insurance carried by Lessee for the benefit of Lessor, to the fullest extent permitted by law, Lessee agrees to protect, indemnify and hold Lessor harmless from any and all damages or liabilities of whatsoever nature arising under the terms of this Lease or arising out of or in connection with the operations carried on by Lessee, or the use or occupancy of the lease premises, except for such loss or damage arising from the sole negligence or willful misconduct of Lessor.

Section 6.02. Lessee's Insurance. The Lessee shall carry and maintain, during the entire term hereof, at Lessee's sole cost and expense the following types of insurance, in the amounts specified and in the form provided for in this section:

(a) **Public Liability and Property Damage.** A broad form of comprehensive public liability and property damage insurance with limits of not less than One Million Dollars (\$1,000,000.00). Lessee shall name the Lessor on said policy as a named insured. This insurance shall include coverage in above amounts for liability and/or damage related to pollution of the property from LESSEE's operations.

(b) **Evidence of Insurance.** Lessee shall deliver to Lessor policies of insurance evidencing the insurance procured by Lessee or deliver, in lieu thereof, certificates of coverage from the insurance company or companies writing the policy or policies of insurance, which certificates shall, among other things, designate the company writing the same, the number, amount and provisions thereof. Upon Lessor's written request, duplicate copies of such certificates of insurance shall be delivered to Lessor's mortgagees.

(c) **Notice of Cancellation.** All insurance policies shall contain a provision that such policy shall not be canceled or terminated without thirty (30) days prior notice from the insurance company to the Lessor. Lessee agrees that on or before ten (10) days prior to expiration of any insurance policy, Lessee will deliver to Lessors written notification in the form of a receipt or other similar document from the applicable insurance company that said policy or policies have been renewed, or deliver certificates of coverage from another good and solvent insurance company for such coverage.

(d) **Fire Insurance.** The Lessee shall carry and pay for a standard form fire

insurance policy on the leased premise in an amount not less than the replacement value of the structure thereupon. Lessee shall name the Lessor as a named insured policy of fire insurance.

(e) Worker's Compensation. During the entire term of this lease, Lessee shall carry and pay for worker's compensation insurance as required by the State of California and shall provide Lessor with a copy of said worker's compensation insurance.

ARTICLE 7

ASSIGNMENT AND SUBLEASING

Section 7.01. Lessor's Consent Required. Lessee shall not assign, mortgage, or hypothecate this Lease in whole or in part, or sublet all or any part of the leased premises, without the prior written consent of Lessor in each instance. This prohibition against assigning or subletting shall be construed to include a prohibition against any assignment or subletting by operation of law. Lessor's consent will not unreasonably be withheld.

Section 7.02. Conditions of Consent. As a condition to its consent, Lessor may require Lessee to pay all expenses in connection with the assignment, and Lessor may require Lessee assigned to assume in writing, the obligation of Lessee under this Lease.

Section 7.03. No Waiver. The consent by Lessor to any assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting.

ARTICLE 8

DEFAULTS AND REMEDIES

Section 8.01. Termination for Lessee's Insolvency or Dissolution. This Lease shall be deemed repudiated and breached by Lessee if, during the term of this Lease:

(a) Lessee's Bankruptcy or Insolvency:

- 1) A Petition to have Lessee adjudicated as bankrupt or a petition for reorganization or arrangement under any of the laws of the United States relating to bankruptcy be filed by Lessee, or be filed against

Lessee, and if so filed against Lessee not be dismissed within thirty (30) days from the date of such filing;

- 2) The assets of Lessee or the business conducted by Lessee on the premise be assumed by any trustee or other person pursuant to any judicial proceedings;
- 3) Lessee becomes insolvent or makes an assignment for the benefit of Creditors;
- 4) Lessee commits any act of bankruptcy; or
- 5) Any corporate Lessee or assignee or successor in interest of Lessee commences proceedings for winding up.

(b) Landlord's Rights of Termination, Re-Entry, Damages. Lessee expressly agrees that Lessor may at its election terminate this Lease in the event of the occurrences of any of the contingencies hereinabove described by giving not less than thirty (30) days written notice to Lessee, and when so terminated, Lessor may re-enter the premises and the leasehold interest created by this Lease shall not be treated as an assets of Lessee's estate.

Section 8.02. Default. Lessor may, at its option and without limiting Lessor in the exercise of any other right or remedy it may have on account of a default or breach by Lessee, exercise the rights and remedies specified in Section 8.03, if any of the following occur:

(a) Rent Default. Lessee defaults in the payment of any money agreed to be paid by Lessee to Lessor for rent or to be paid for taxes and utilities or for any other purpose under this Lease, and if such default continues for three (3) days after written notice to Lessee by Lessor.

(b) Abandonment. Lessee abandons the premises for a period of thirty (30) days absence while Lessee shall be in default on rent.

(c) Other Default. Lessee defaults in the performance of any other of its agreements, conditions or covenants under this Lease and such default continues for ten (10) days, plus such period of delay as Lessee may encounter in the performance of its agreements by reason of matters beyond the control of Lessee.

Section 8.03. Remedies On any breach, default, or abandonment Lessor may exercise any

of the following rights after the periods of time stated in Article 8:

(a) Re-Entry-Removal and Storage of Property-Repairs. Immediately reenter and remove all persons and property from the leased premises, storing the personal property in a public warehouse or elsewhere at the cost of, for the account of, and at the risk of Lessee. In the event of any such re-entry by Lessor, Lessor may make any repairs, additions, or improvements in, to or upon the premises which may be necessary or convenient; provided, however, that Lessor shall be entitled to recover from Lessee the expense of said repairs or alterations only to the extent necessary to restore the property to the condition that it was in on the commencement of the term of this lease, reasonable wear and tear excepted. In such instance, the Lease will be terminated, and Lessor will be entitled otherwise to recover all damages allowable under the law of this Lease.

(b) Collection of Rent Installments. To collect by suit or otherwise, each installment of rent or other sums as it becomes due hereunder, or to enforce, by suit or otherwise any other term or provision hereof on the part of Lessee required to be kept or performed, it being specifically agreed that all unpaid installments of rent or other sums shall bear interest at the highest legal rate from the due date thereon until paid.

(c) Termination of Lease-Damages. Terminate this Lease, in which event Lessee agrees to immediately surrender possession of the premises, and to pay Lessor, in addition to any other remedy Lessor may have, all damages Lessor may incur by reason of Lessee's defaults including the cost of recovering the premises.

Section 8.04. No Waiver of Default. Either party's failure to take advantage of any default or breach of covenant on the part of the party shall not be, or be construed as, a waiver thereof. A waiver of a particular breach, or default, shall not be deemed to be a waiver of the same or any other subsequent breach or default.

Section 8.05. Remedies Cumulative. The rights, powers, elections, and remedies of the parties contained in this Lease shall be construed as cumulative and not one of them is or shall be considered exclusive of the other or exclusive of any rights or remedies allowed by law, and the exercise

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of one or more rights, powers, elections, or remedies shall not impair the parties' right to exercise any other.

Section 8.06. Lessor's Right to Cure Default. If Lessee shall be in default in the performance of any covenant on its part to be performed under this Lease, then, after notice and without waiving or releasing Lessee from the performance thereof, Lessor may, but shall not be obligated to, perform any such covenant, and in exercising any such right pay necessary and incidental costs and expenses in connection therewith. All sums so paid by Lessor, together with interest thereon at the highest legal rate from the due date to the date paid, shall be deemed additional rent.

ARTICLE 9

REPAIR OF PREMISE

Section 9.01. Repair and Maintenance. Except when caused by the intentional or negligent act of the Lessor, the Lessee shall, at Lessee's sole cost and expense, repair and maintain the entire leased premises. The premises shall be kept and maintained in good order and repair at all times, normal wear and tear excepted. At the end of the term of this Lease, the Lessee shall deliver possession of the leased premises to the Lessor in as good a condition as exists at the beginning of the lease term, usual wear and tear excepted. Lessee acknowledges that Lessee has thoroughly inspected the leased premises prior to entering into this lease and is accepting said leased premises in its "as-is" condition.

Section 9.02. Right to Inspection. Upon giving the Lessee forty-eight (48) hours notice, the Lessor shall have the right to enter upon the leased premises for the purpose of ascertaining whether the Lessee is complying with the terms of the lease.

Section 9.03. Improvements of Premises. No improvements to the premises shall be made without obtaining prior written approval from Lessor, after Lessor's review of improvement plans. Any approved improvements which require a building permit will be done only after obtaining a permit from the County of Tulare. Any and all must be made in compliance with the building code of the County of Tulare, State of California. Lessee will fully pay for all materials joined or affixed to the leased premise and shall pay, in full, all persons who performed labor upon such leased premise and shall not suffer any

mechanical liens or materialman's liens of any kind or nature to be enforced against the leased premise for any work done or materials furnished thereunder at Lessee's request. Lessor may post and maintain upon the leased premise notice of non-responsibility as provided by law. Any such improvements to the leased premises during the term hereof made by Lessee shall become the property of the Lessor at the end of the term hereof.

Section 9.04. Right to Remove Fixtures. All fixtures and other personal property and materials heretofore or hereafter installed in the leased premises by the Lessee, excepting alterations and changes made by way of permanent improvement, shall be and remain the property of the Lessee at the expiration of this Lease or any renewal thereof, and the Lessee may remove the same within a reasonable time thereafter at its own expense. Lessee agrees to repair any damage done by removal of said fixtures and return said premise to its original state, reasonable wear and tear excepted.

ARTICLE 10

DESTRUCTION OF SAID PREMISES

Section 10.01. Destruction of Said Premises. In the event the leased premises is destroyed from any cause to the extent of more than fifty percent (50%) of the replacement cost of such building, this Lease may be terminated at the option of either party. A total destruction of the building in which said leased premises is located shall terminate this Lease.

ARTICLE 11

HAZARDOUS MATERIAL

Section 11.01. No Hazardous Materials. The Lessor represents to the Lessee that prior to the signing of this Lease, Lessor has researched and inquired into the previous uses and ownership of the property which is the subject matter of this Lease. Based on that due diligence, the Lessor represents and warrants that to the best of Lessor's knowledge, no hazardous substance has been disposed of or released or otherwise exists in, on, under or onto the property.

During the term of this Lease, the Lessee shall not cause or permit any other hazardous material to be brought upon, kept or used in or about the premises. If Lessee breaches the obligations

stated in this section or this Lease, and/or if there is any contamination of the premises related to Lessee's activities on the premises, then to the fullest extent permitted by law, the Lessee shall indemnify, defend, and hold the Lessor safe and harmless from any and all claims, judgments, damages, penalties, fines and costs which arise during or after the leased term as a result of or relating to such breach of obligations and/or contaminations. This indemnification shall include, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal, or restoration work required by any Federal, State, or local governmental agency or political subdivision because of hazardous material present in the soil or ground water or under the premises.

As used herein, the term "hazardous materials" means any hazardous or toxic substance, materials or waste, as defined by the United States Department of Transportation, The Environmental Protection Agency, or any state, local, or federal laws, regulations, or ordinances.

ARTICLE 12

GENERAL PROVISIONS

Section 12.01. Time of Essence Time is of the essence of this Lease, and of each provision.

Section 12.02. Succession Each and all of the covenants, conditions, and restrictions in this Lease shall inure to the benefit of and shall be binding upon the heirs, executors, administrators, successors, assignees, and subleases of the respective parties hereto.

Section 12.03. Entire Agreement This Lease contains the entire agreement of the parties with respect to the matters covered by this Lease and no other agreement, statement or promise made by any party or to any employee, officer, or agent of any party, which is not contained in this Lease, shall be binding.

Section 12.04. Attorney Fees In the event either Lessor or Lessee shall bring any action or proceeding for damages for an alleged breach of any provision of this Lease to recover rent, or to enforce, protect or establish any right or remedy of either party, the prevailing party shall be entitled to recover, as part of such action or proceeding, reasonable attorneys' fees, court costs, investigative fees,

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and accountant fees.

Section 12.05. Surrender and End of Term. Lessee shall peaceably give up and surrender to Lessor the premise and every part thereof at the termination of the term of this Lease in as good a condition and repair as of the date of initial possession, reasonable use and wear thereof will be expected.

Section 12.06. Release of Lessor After Sale. In the event of a sale or conveyance by the Lessor of the premise or any part containing the premise, Lessor shall be released from any further liability upon any of the covenants or conditions, expressed or implied, in favor of Lessee, and in such event, Lessee agrees to look solely to the responsibility of the successors-in-interest of the Lessor in and to this Lease.

Section 12.07. Title. At the expiration or early termination of this Lease, Lessee shall execute, acknowledge, and deliver to Lessor, within ten (10) days after written demand from Lessor to Lessee, a Quitclaim Deed or other document required by any reputable title company to remove the cloud of this Lease from the real property more particularly described in Exhibit "A."

Section 12.08. Notices and Representations of the Parties. All notices, demands, or requests from Lessee to Lessor shall be given to Lessor at STRATHMORE PUBLIC UTILITY DISTRICT, Post Office Box 425, Strathmore, California 93267. All notices, demands, or requests from Lessor to Lessee shall be given to Lessee c/o CMC Propane, Inc., 33523 Pond Road, Delano, CA 93215. By executing this lease below, the signors confirm that they are authorized to execute this lease on each party's behalf.

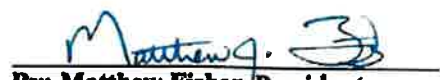
LESSOR:

LESSEE:

**STRATHMORE PUBLIC UTILITY
DISTRICT**

CMC PROPANE, INC.


By: CHRISTINA LIGHTNER, President


By: Matthew Fisher, President