



LAKE SHASTIN COMMUNITY SERVICES DISTRICT

MINUTES

LSCSD/LSPOA Committee Meeting
Thursday, March 2, 2017 – 1:30 p.m.
Administration Building

16320 Everhart Drive ▪ Weed, California 96094 ▪ (530) 938-3281

Call to Order: 1:30 p.m.

Committee Members present:

Dir. Carol Cupp, Dir. Rita MacIntosh, Jim Durden, Charlene French

Public members: Norm MacIntosh, Mike French, Lorene Miller, Craig and Barbara Thomsson

Pledge of Allegiance: waived due to time frame

Public Comments: None

Committee Member Comments: Jim Durden explained the researched that he had done at the court house. Charlene reported on the transfer of data for equipment and Carol reported that she had been able to obtain the 1993-94 court case documents related to LSPOA lawsuit from the County courthouse.

Business:

1. Approval of Minutes: February 9, 2017, by Rita, seconded by Charlene. All in favor
2. Subcommittee reports: Discussion on each subcommittee report.
 - a. Public Works Yard and Equipment- transfer of data from spreadsheet showing actual usage of each LSPOA vehicle or piece of equipment by the CSD.
 - b. Building- Information was given and it was noted that none of the available documents seem to have been finalized. Committee members will continue to research to determine if signed documents exist.
 - c. Staffing- Rita provided a breakdown of labor costs within the office and the pros and cons of continuing to vs separation.
3. Next meeting on March 10, 2017 at 1:30, Administration Conference Room.

Adjourn: 3:45 p.m.

OVERVIEW OF CSD/POA WORKING RELATIONSHIP REGARDING
PUBLIC WORKS MAINTENANCE YARD

For the last 20+ years, the CSD and the POA have experienced and benefited from, a unique, working relationship through mutual cooperation and understanding of how the sharing of yard space by the CSD and sharing of equipment by the POA has financially benefited the community as a whole. While the CSD has a large yard, the POA has 80% of the equipment that needs to be somewhere. What the CSD currently enjoys with the POA is a free, on site equipment rental, stocked with the latest, top of the line maintenance-free heavy equipment, readily available to CSD's Public Works Dept. on short notice, without the complications of untimely waiting or delivery charges from outside the area. Plus, the current CSD employees are intimately familiar with the operation of POA's equipment. This equipment is made available by the POA, maintenance-free and ready for use in any emergency. With the possibility of break-downs of water and sewer machinery, it is important for Public Works to respond quickly to insure uninterrupted services to the District.

In December of 2015, the POA Board, in good faith and full understanding, was more than willing to renew the LSCSD/LSPOA Agreement in its entirety and/or with any recommended modifications the LSCSD might have offered. However, shortly thereafter during a CSD meeting, President Layne gave direction that many changes were needed to the Agreement and the POA arrangement was forced into a month-to-month basis. This has been the status for the past 2 years.

Recently the GM began negotiating with POA with the idea that they should be paying rent for use of the yard. This action would force the POA to charge market rate rental fees for the use of their equipment by the CSD. No agreement was ever signed by the POA/CSD, however, invoices have been sent for the past 6 months. This action raises concerns by the POA that charging equipment rent may unnecessarily increase costs to the community that didn't exist before, just as

would charging the POA rent for the yard. The POA is not interested in adding previously non-existent fees to the tax payers of the District, as rent for equipment use could easily exceed the rental fee for the yard. One is an on-going rate where the other is variable.

About six months ago, the POA made the decision to acquire its own Maintenance work force, thereby relieving the CSD from the obligations of the previous, unsigned agreement and took measures to separate its finances from the CSD. These moves have proven to be advantageous to the POA, but initiated a stronger response from several of the CSD Board members for the POA to pay yard rent. There seemed to be no interest by the CSD Board members to meet and discuss this important issue or to understand the ramifications of this decision. The unilateral decision by one CSD Board member to force the GM to send the POA invoices for yard rent, were made without any approval from the CSD BOD. This action by the CSD GM forced the POA GM to look for alternate spaces to store POA's equipment. Several locations were reviewed by the POA GM and the BOD with space available for less than what the CSD wanted to charge. This would mean the possibility of a lesser or NO relationship with the CSD.

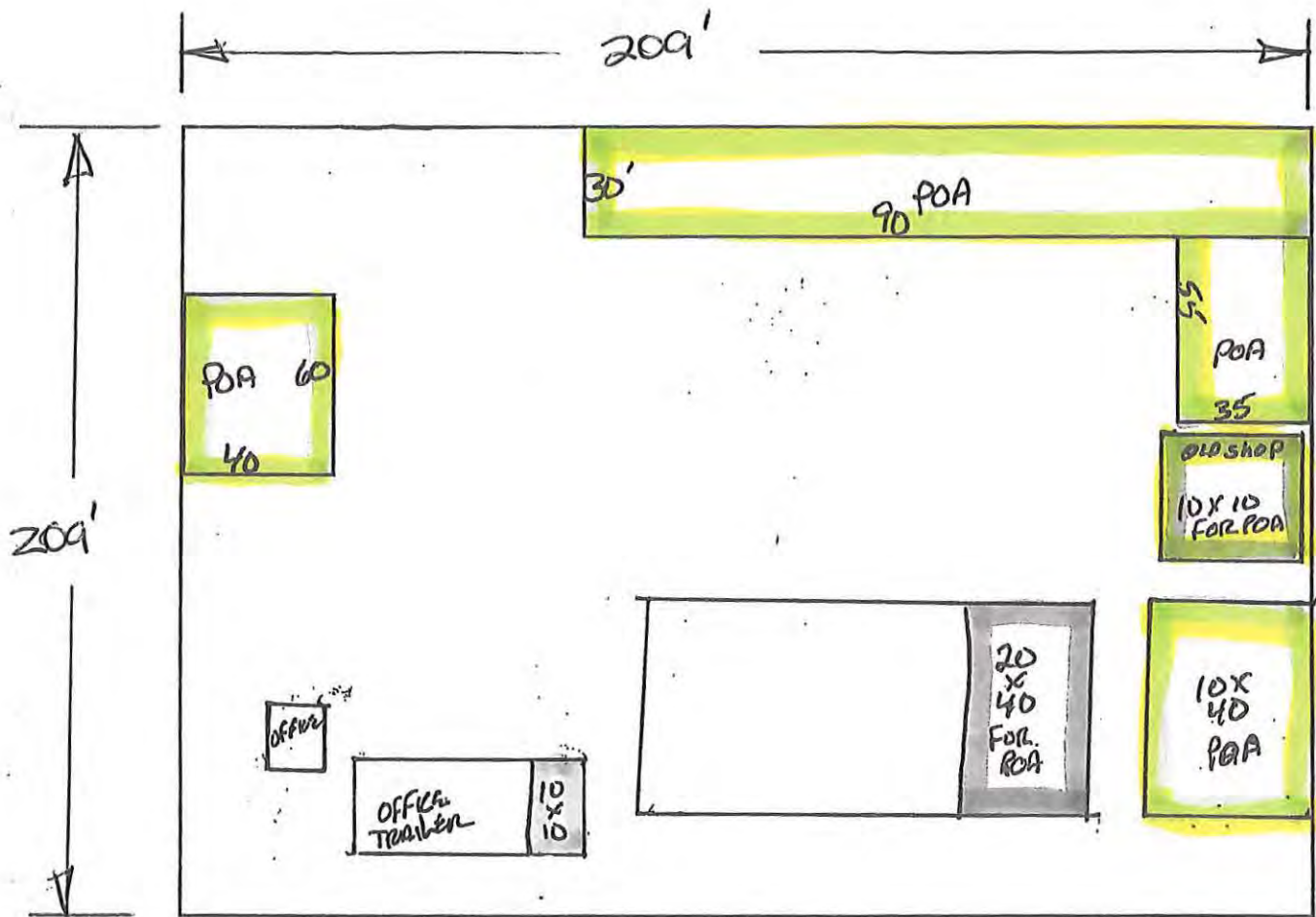
A decision that would invariably cause Public Works to obtain some equipment out of the area, (Redding), creating obvious, unnecessary problems that didn't exist before, such as delivery charges for say, a backhoe, to the tune of \$580, (roundtrip), along with the uncertainty that a particular piece of equipment was not available when they needed it. Most rental outfits have 1-day or 1-week rentals, thereby adding to the costs. This scenario seemed quit unnecessary to the POA Board. Finally, with 3 new Board members in place, it was decided that an ad hoc committee be formed to thoroughly research the costs to both parties, the benefits to both parties and any negative effects to both parties, keeping in mind that recommendations from the committee are to keep the best interests of the community foremost in their minds.

Therefore, with considerable research by the committee and record keeping, regarding the past 3.4 years of POA equipment use by CSD Public Works Employees, previously agreed-to equipment rental rates were attached to the

hours of equipment use by CSD employees and it has been determined that the CSD would have expensed \$1,000 to \$1,500 per month in rental charges. Some months would be less, (winter), while some months would be more. Last month usage was \$2,400 and in March already roughly \$1,800 has already been generated for use of backhoe and large equipment trailer. These amounts do not take into consideration the intrinsic value of on-site availability of POA's equipment. How do you put a price on something that avoids a disaster in an emergency? CSD Public Works employees have been able to respond to emergencies in the past that have kept sewage from entering the lake, due to immediate availability of the right equipment. What is that worth to a Public Agency that has legal obligations to provide the best possible service to its tax payers? For these reasons, as a LSPOA member and tax payer and a member of the ad hoc committee, I recommend that the CSD continue to let the POA keep its equipment in CSD's yard at the rate of \$1/year in trade for the usage of the LS POA's equipment to the Public Works Department free of charge. This arrangement has worked very well for the last 20+ years and is the most beneficial, cost-effective option for the Lake Shastina Community.

Jim Durden

NOT TO SCALE ★



Open Yard Space

	SQ FT	Price Per SQ FT	Rent Cost
40x60	2400	\$0.20	\$480.00
30x90	2700	\$0.20	\$540.00
55x35	1925	\$0.20	\$385.00
10x40	400	\$0.20	\$80.00

Shop Space

10x10	100	\$0.50	\$50.00
20x40	800	\$0.50	\$400.00

TOTAL YARD SQ FOOTAGE
43,681

POA would use $(1/6)$ 7,425 SQ FT.

Totals			
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POA ✓

CSD/LSPOA 2013 thru 2016

Equipment/Veh	CSD	POA
✓ Veh 2 Ford Escape	2.5 50 ⁻	0 \$20/m.
✓ Veh 10 Ford Ranger	3180.5 6361 ⁻	2131.5 \$20/m
✓ Veh 14 Pickup	4 80 ⁻	0 \$20/m
✓ Veh 17 2012 Ford 350	312.76 6255 ⁻	520.80 20./m.
50/50 ✓ Veh 23 Dump Truck	26.17 2617 ⁻	71 100/m.
✓ Veh 32 Backhoe	6 600 ⁻	2 100/m.
✓ Veh 41 John Deer Tractor	30 1500 ⁻	448 50/h.
✓ Veh 42 Grader	45.5 910 ⁻	85.75 80/m.
✓ Veh 49 Mower OLD GRASS ^{typical}	7.5 150 ⁻	9.5 20/m.
50/50 ? Veh 52 CSD/POA	0	.5
✓ #56 Chipper	0	4.5
GONE #63 ?	0	59.16
CSD ? #65 SC Cam Eqpt	0 30 ⁻	59.16 5.7 #?
35% POA #70 POA/CSD Jetter	114.25	1.5 #?
✓ #77 Crack Filler	0	190.5
✓ #78 Router	6	30.25
NOT LISTED #84 Mower	6 120 ⁻	0
GONE #86 ROUTER	0	32.5
NOT LISTED #146 Saw	0	.75
✓ #150 Loader BONCAT	42.25 2112 ⁻	191.5 \$50/m.
✓ #151 Plane Grinder BOB ^{CAT}	40.25 2012 ⁻	19.5 ??? 50/m.
✓ #152 Backhoe ^{new}	111.7 20,106 ⁻	62 \$100/m + TRAILER @ \$80/m. \$180/m.

✓ #153 JD Mower New	5.625	112.5	3.15	\$20/m.
✓ #154 Chipper	0		4	\$20/m.
#155 JD Mower	0		0	
JOHN DEER TRACTOR				

CS POA
 \$42,985

42

$$\frac{1}{3.5} = 12,281 \text{ yrs.} \quad \frac{1}{12} = 1,023 / \text{mo.}$$

2-2007 FORD ESCAPE
 10-2009 FORD RANGER 4X4
 17-2012 FORD F350 4X4
 41-JOHN DEER TRACTOR MODEL 5220 2001
 42-JOHN DEER GRADER 1979
 49-GRASSHOPPER DIESEL MOWER 321D
 50-BOBCAT LOADER w/ATTACHMENTS A-300 2010
 52-CATAPILLAR BACKHOE 420F 2015
 53-JOHN DEER SD997 MOWER 2015
 56-MOBART CHIPPER 1992
 11-LAWN TRAILER CARGO MATE ENCLOSED 2006
 16-KAUFMAN TRAILER HPP-2010 2010
 54-MOBARK CHIPPER V1505 2015
 56 DUMP TRUCK 2015-16

POA Equipment Rental Rates

Equipment	Hourly Rate
Car -SUV	\$20
Pickup 1/2, 3/4, or 1 Ton	\$20
Dump Truck	\$100
Tractor w/Mower Attachment	\$50
Bobcat w/Attachments	\$50
Backhoe	\$100
Grader	\$80
Trailer Flat Bed	\$80
Riding Lawn Mower	\$20
Plate Compactor	\$15
Compactor	\$15
Asphalt saw	\$20
Chain saw	\$10
Handheld Lawn Trimmer	\$10
Backpack Leaf blower	\$10

Overview of CSD/ POA Working Relationship Regarding Administration Building

Over the past few months the committee has done research to determine the standing of the LSPOA with regards to the Administration Building.

Documentation of the lawsuit that occurred in 1993 between the LSPOA and LSCSD and Mutual Water Company was a result of the same type of issues that exists today. LSPOA was paid a small settlement and reached resolution outside of court, thus dismissing the lawsuit.

New data and documents were uncovered, relating to the investment made by the LSPOA in roughly 1997. The paper trails exists to support that the LSPOA paid roughly \$127,000. It was understood that the POA was considered to have an "ownership interest", basically monies paid in advance for the POA's financial share in the construction of the "Civic Services" bldg.

Countless documents were uncovered that created a timeline of events that took place detailing the actions taken and NOT taken in securing ownerships by several entities, those being the CSD, the Mutual Water Co. RHCA and the LSPOA. While the CSD and the LSMWC were each granted 33% interests, the LSPOA was granted 28.3% and the RHCA was given 5%, all based on their involvement in the community. The Water Co. and the CSD were combined in 2003, giving the CSD 66% ownership that was documented and officially recorded with the County. RHCA decide to separate from the CSD and traded its 5% ownership interest for 10 years of meeting room rent. Documents to this effect were signed and dated and filed.

So, what happened to the POA's ownership interest of \$127,000? We found proof of monies set aside and paid, in that amount, for POA's ownership interest, but when it came time to make the decision to relinquish ownership, I can only assume that conversations broke down and the Lease Agreement was never signed. A complimentary "Resolution" was never drafted and was never saved, because it never happened. Copies of both CSD and POA meeting agendas show "Lease Agreement" as an agenda item for closed session for eight months in 2005, with no action taken. It is worth noting that the Lease Agreement was to start in January of 2005, leaving 9 years left of rent in advance, NOT July of this year, as was noted by Jamie Lea in 2015. So, monies were paid and nothing was done after 2005. The extensive paper trail leads to

only one legal conclusion. The POA owns 28.3% of the Administration Building. Since documentation involving this ownership was never completed, I feel the obligation of the CSD is to honor said ownership and provide the appropriate documents to solidify their status as a partial owner.

Documentation shows that counsel Robert Winston (at the end of 2004) did draw up a 20 year lease to begin Jan 1, 2005 in exchange for the LSPOA's 28.333% owner interest. A copy of this draft exists along with a cover letter to Jamie Lea. However, this lease agreement was never agreed upon or signed (ratified) by the LSPOA Board or the CSD Board. This is shown on the closed session agenda for 5 months with no known outcome.

For the past 13 years all overhead expenses for the administration building have been shared equally by the LSPOA and LSCSD. Despite actually being only a 1/3 owner, the POA has paid 50% of all costs. They have contributed for shared office equipment as necessary also. It's worth noting; without the POA's involvement and financial support, the Mutual Water Co. may have had difficulty funding the construction of the administration building. The POA at the very least saved the cost of a construction loan and interest for the last 20 years. This must be considered.

Recommendation: Establish a mutual cooperation between two important entities, the CSD and the POA, to continue to work together to the benefit of the Lake Shastina community.

Recommendation on Administration Building:

LSPOA invested roughly 28% to the construction of the Administration building in 1997. Over the past 12 years since RHCA divested and the Mutual Water Company combined, the LSPOA has paid 50% of all the overhead expenses for the operation of the building. They have purchased needed office equipment, computer software, and shared in the cost of leased equipment. Their contributions are significant.

It would appear that without this contribution initially and ongoing the LSCSD would have found it difficult to operate within their current budget. Over the past 2 years there has been a significant adjustment to the budget to account for the loss of General Manager salary that now must be paid by the other departments. This is problematic for departments like police and fire who have limited resources. If the LSPOA discontinues to provide reimbursement the LSCSD will have less revenue in all departments.

Past history shows that divisions like this occurred before and the outcome was much legal expense and some monetary damages to the LSPOA. The partnership arrangement still continued as the LSPOA invested \$127K into the construction of the building. I would hope that we will not see history repeat itself in this regards.

Recommendation is made to continue the business relationship with the LSPOA for office space and reimbursement for operating expenses. A detailed agreement should be drawn up by a neutral legal counsel and we need to agree to work together to support our customer base. The financial benefits to the LSCSD far outweigh any downside.

Date : 6/30/97
Time : 11:58

LAKE SHASTINA CIVIC SVC
AINS General Ledger System
Balance Sheet

Page : 01
G9 Run Date : 8/11/97
"REVIEWED"

Fund : 4 PROPERTY OWNERS ASSOCIATIONS
Dept : 44 L. S. PROPERTY OWNERS ASSOC.

Line Item	Description	Year-to-Date	Totals
ASSETS			
CURRENT ASSETS			
10201165	Cash in Savings - OPS - SCCU	32.19	
10201175	Cash in Savings - OPS - Timberline	23,569.98	
10201178	Cash in Savings - OPS - Tri Counties	38,212.40	
10251110	Cash in Savings - RSV - B of A	3,144.50	
10251175	Cash in Savings - RSV - Timberline	13,106.58	
10251181	Cash in Savings - RSV - US Bank	8,359.27	
10301110	T-Bills - OPS - B of A		
10301160	CD - Scott Valley Bank - OPS		
10301165	CD - SCCU - OPS		
10351105	CD - American Savings - RSV	100,000.00	
10351110	T-Bills - RSV - BofA Mat 2/98	105,617.33	
10351111	T-Bills - RSV - BofA Mat 7/97	100,788.75	
10351112	T-Bills - RSV - BofA Mat 3/98	38,091.62	
10351160	CD - Scott Valley Bank - RSV		
10351165	CD - SCCU - RSV	91,593.47	
10351177	CD - RSV - Tri Counties		
10351178	CD - RSV - Tri Counties		
10351179	CD - RSV - Tri Counties		
10500000	Assessments Receivable	58,774.82	
10505000	Assessments Receivable-Foreclosed	82,991.29	
10509000	Liens Receivable		
10550000	Allowance for Doubtful Accounts	58,774.82-	
10555000	Allowance for Doubtful-Foreclosed	82,991.29-	
10590000	Allowance for Doubtful-Liens		
10600000	Acc. Receivable-Miscellaneous	38,251.00	
10701310	Due From Civic Services		
10701320	Due From Mutual Water Co.		
10701334	Due From CSD-Sewer	150.00	
10701343	Due From Rancho Hills Comm Assoc		
10701350	Due From/(To) Reserve Fund		
10701380	Due From/(To) Operating Fund		
10801510	Inventory - Lot Costs	112,930.87	
10901510	Prepaid Expense - Misc.	104.57	
10901520	Prepaid Income Tax - State		
10901530	Prepaid Income Tax - Federal		
10901540	Prepaid Insurance	3,739.66	
	Total Current Assets		677,692.19
FIXED ASSETS			
11201615	Community Center	36,493.97	
11201620	Civic Svc Office Bldg	88,404.23	
11301620	Real Prop Improvements-Civic Svc Bldg	88,404.23-	
11301641		248,426.50	

Entry	Date	Document	JL Description	Debits	Credits	Balance
(6680.446010)			Purch. Interest Cvc Svc Bldg. (Continued)			
			Purch. Interest Cvc Svc Bldg.	\$ 42,964.00	\$ 4,355.61	\$ 38,608.39
(6680.445110)			Rent Expense - System Maint			
	06-30-97		BALANCE FORWARD		\$	0.00
30329	06-30-98	DUE LSCS A	DUMP TRUCK 20 RENT	662.50		662.50
30642	06-30-98	44J1 J	DUMP TRUCK 20 RENT		662.50	0.00
			Rent Expense - System Maint	\$ 662.50	\$ 662.50	\$ 0.00
(6680.445610)			Rent Expense - Shop & Yard			
	06-30-97		BALANCE FORWARD		\$	0.00
21497	04-23-98	25423 A	GRAND RENTAL STATION	50.36		50.36
			Rent Expense - Shop & Yard	\$ 50.36	\$ 0.00	\$ 50.36
(6680.445730)			Rent Expense - Winter Road			
	06-30-97		BALANCE FORWARD		\$	0.00
16293	01-31-98	A	DUMP TRUCK 20 RENT-JAN	377.75		377.75
26495	03-31-98	DUE CSV A	DUMP TRUCK 20	12.50		390.25
			Rent Expense - Winter Road	\$ 390.25	\$ 0.00	\$ 390.25
(6680.445740)			Rent Expense - Drainage			
	06-30-97		BALANCE FORWARD		\$	0.00
11793	09-30-97	CD A	DUMP TRUCK-SEPT RENT	75.00		75.00
16292	01-31-98	A	DUMP TRUCK 20 RENT-JAN	75.00		150.00
16964	02-28-98	D1 A	DUMP TRUCK 20 RENT	62.50		212.50
			Rent Expense - Drainage	\$ 212.50	\$ 0.00	\$ 212.50
(6680.445760)			Rent Expense - Patching			
	06-30-97		BALANCE FORWARD		\$	0.00
11792	09-30-97	CD A	DUMP TRUCK-SEPT RENT	50.00		50.00
11796	09-30-97	CD A	ASPHALT SAW-SEPT RENT	107.50		157.50
12197	11-30-97	CD A	ASPHALT SAW-OCT/NOV RENT	70.00		227.50
			Rent Expense - Patching	\$ 227.50	\$ 0.00	\$ 227.50
(6680.445765)			Rent Expense - Crack Repair			
	06-30-97		BALANCE FORWARD		\$	0.00
7994	12-31-97	8317 A	SUBURBAN PROPANE	40.02		40.02
			Rent Expense - Crack Repair	\$ 40.02	\$ 0.00	\$ 40.02
(6680.445770)			Rent Expense - Shoulders			
	06-30-97		BALANCE FORWARD		\$	0.00
11794	09-30-97	CD A	DUMP TRUCK-SEPT RENT	87.50		87.50
			Rent Expense - Shoulders	\$ 87.50	\$ 0.00	\$ 87.50

LAKE SHASTINA PROPERTY OWNERS' ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 1998, 1997 AND 1996

	Operating Fund	Replacement Fund	1998	Totals 1997	1996
Revenues:					
Regular assessments	\$ 305,176	\$ 182,561	\$487,737	\$ 409,477	\$410,874
Interest income	4,554	27,583	32,137	27,935	29,671
Rents	3,493	-	3,493	9,359	6,765
Transfer fees	5,450	-	5,450	6,450	8,750
Penalty assessments	23,772	-	23,772	26,132	17,312
Other	15,629	-	15,629	16,207	39,788
Bad debt recovery	-	-	-	9,076	94,112
	<u>358,074</u>	<u>210,144</u>	<u>568,218</u>	<u>504,636</u>	<u>607,272</u>
Expenses:					
Accounting	2,900	-	2,900	2,900	2,779
Bad debts	57,388	-	57,388	25,262	7,627
Business taxes, licenses, and fees	1,912	-	1,912	2,037	1,983
Contract services	12,673	-	12,673	28,341	9,618
Depreciation	9,605	-	9,605	27,195	32,291
Dues and subscriptions	597	-	597	471	135
Engineering	483	-	483	650	690
Income taxes (refunds)	2,116	-	2,116	(13,761)	5,383
Insurance	20,728	-	20,728	18,744	17,894
Contract labor	136,578	-	136,578	132,337	118,078
Legal	37,530	-	37,530	15,072	9,372
Major/minor repairs and replacements	15,649	24,406	40,055	281,975	224,541
Meetings, seminars, and travel	3,089	-	3,089	2,435	2,152
Office expense	9,704	-	9,704	3,687	3,773
Purchase of interest in Civic Services Bld	38,608	-	38,608	88,404	127,012
Rent expense	2,537	-	2,537	4,260	2,201
Repairs and maintenance	30,196	-	30,196	23,717	10,667
Telephone and utilities	9,429	-	9,429	9,783	8,688
	<u>391,722</u>	<u>24,406</u>	<u>416,128</u>	<u>653,509</u>	<u>457,872</u>
Excess (deficiency) of revenues over expenses	<u>\$ (33,648)</u>	<u>\$ 185,738</u>	<u>\$152,090</u>	<u>\$ (148,873)</u>	<u>\$149,400</u>

WRAY E. KIRSHER (1922 - 2003)
ROBERT D. WINSTON
ROBERT B. BOSTON

Legal Assistants:
GEORGIA I. TOMS
JOANNE DRAGMIRE

KIRSHER, WINSTON & BOSTON
A LAW CORPORATION

□ 150 Alamo, Suite 103, P.O. Box 669
Weed, CA 96094 (530) 938-3438
FAX (530) 938-3247

□ 205 N. Mt. Shasta Blvd., Suite 400, P.O. Box 177
Mt. Shasta, CA 96067 (530) 926-3444
FAX (530) 926-3599

COPY

BY FACSIMILE and E-MAIL

CONFIDENTIAL ATTORNEY-CLIENT COMMUNICATION. Contents not to be disclosed to other persons without the consent of the writer.

To: LSCSD
Attn: Jamie Lea
From: Robert Winston
Date: 11/14/04
Re: Purchase of LSCSD interest in Administration Building

*unsigned Corporate Grant Deed and
lease agreement are attached.*

Jamie, I did not hear from you this last week, so I assume you did not return then as I had thought. I am presuming your first day back from vacation must therefore be tomorrow. I hope you had a good one.

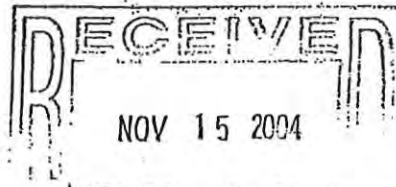
Enclosed are documents to effect the purchase from LSPOA of its interest in the Administration Building and to give it a 20-year prepaid lease as consideration. As you can see, some of the information remains to be filled in, but these should get us started. Do we also need to transfer LSPOA's interest in any personal property, such as the office furnishings and equipment, or are all of those wholly owned by the District? I'll wait to hear from you on this.

Besides this fax, I have sent this by e-mail to you tonight, per your instructions. As you know, aside from the technical hurdles (which I have largely overcome), I remain resistant to the "negotiation-by-email" procedure. Especially when one does that with a contractual adversary, I believe it creates more work for everyone, not less, and is not advantageous to the party that I represent. As between you and me, the potential pitfalls are not as great, but there are still some concerns, the lack of privacy and confidentiality being one of them. We should discuss the specific issues at some point.



R. D. Winston

RDW/
Encl.



Dec-06-04 05:14A KIRSHER WINSTON BOST

530 926-3444

WRAY E. KIRSHER (1922 - 2003)
ROBERT D. WINSTON
ROBERT B. BOSTON

P.01
Legal Assistants:
GEORGIA L. TOMS
JOANNE DRAGMIRE

KIRSHER, WINSTON & BOSTON
A LAW CORPORATION

□ 150 Alamo, Suite 103, P.O. Box 669
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FAX (530) 938-3247

✕ 205 N. Mt. Shasta Blvd., Suite 400, P.O. Box 177
Mt. Shasta, CA 96067 (530) 926-3444
FAX (530) 926-3599

RECEIVED
DEC 06 2004
BY: _____

☒ THIS IS A CONFIDENTIAL ATTORNEY - CLIENT COMMUNICATION

FAX TRANSMITTAL

To : LSCSD

Attn: Jamie Lea

FAX Number: 938-4739

From: R. Winston @ Kirsher, Winston & Boston, L.C.

FAX Number: (530) 926-3599

Date: 12/6/04

Subject: L SPOA lease

NUMBER OF PAGES SENT, INCLUDING THIS COVER: 10

____ Please call us and confirm receipt of the above.

☒ The original of this transmittal is being mailed to you.

ENCLOSURE(S): Bill of Sale; Quitclaim Deed;
Memorandum of Lease; Lease Agreement

COMMENTS: I tried to e-mail this to you,
but was unsuccessful.

BILL OF SALE

For good and valuable consideration, receipt of which is hereby acknowledged, LAKE SHASTINA PROPERTY OWNERS ASSOCIATION, a California non-profit public benefit corporation, hereby transfers and conveys to LAKE SHASTINA COMMUNITY SERVICES DISTRICT, a California public agency, all of its rights, title interests, and ownership in the structures and other improvements to the real property commonly known as 16320 Everhart Drive, Weed, California, ~~along with the personal property described at Exhibit A, attached hereto.~~

Lake Shastina Property Owners
Association, by:

Dated: _____

president

(treasurer

Recording Requested By/

When Recorded. Return To:

Kirsher, Winston & Boston, L.C.

P.O. Box 177

Mt. Shasta, CA 96067

CORPORATE QUITCLAIM DEED

LAKE SHASTINA PROPERTY OWNERS ASSOCIATION, a California nonprofit public benefit corporation, hereby conveys and transfers to LAKE SHASTINA COMMUNITY SERVICES DISTRICT, a California public agency, the Siskiyou County, California, any and all interests it may have in the real property described at Exhibit A, attached hereto.

Lake Shastina Property Owners
Association, by:

Dated: _____

(president)_____
(treasurer)

Recording Requested By/

When Recorded, Return To:

Kirsher, Winston & Boston, L.C.
P.O. Box 177
Mt. Shasta, CA 96067

MEMORANDUM OF LEASE

This is a memorandum of the Lease Agreement made on _____ by and between LAKE SHASTINA COMMUNITY SERVICES DISTRICT, a California public agency (herein, "DISTRICT"), and LAKE SHASTINA PROPERTY OWNERS ASSOCIATION, a California nonprofit public benefit corporation (herein, "LSPOA").

1. AGREEMENT TO LEASE.

DISTRICT has leased to LSPOA, and LSPOA has hired from DISTRICT the Premises described as 16320 Everhart Drive, Weed, California, as follows: a non-exclusive right to use and occupy such portions of the Premises as may be reasonably required by LSPOA, subject to approval and concurrent use by DISTRICT and its invitees, for the conduct of LSPOA's administrative functions. Included in such rights shall be the use of the board meeting room for such meetings of LSPOA as it may from time to time require, subject to scheduling coordination with DISTRICT.

2. TERM OF LEASE.

The term of this lease shall be for twenty (20) years, commencing on _____.

3. OTHER TERMS AND CONDITIONS.

The other terms and conditions of the lease are set forth in the Lease Agreement executed by the parties.

Memorandum of Lease, Page 2

DISTRICT:
Lake Shastina Community Services
District, by:

Dated: _____

LSPOA:
Lake Shastina Property Owners
Association, by:

Dated: _____

(attach notarizations)

LEASE AGREEMENT

This Lease Agreement is made at Siskiyou County, California, on the date last written below, by and between LAKE SHASTINA COMMUNITY SERVICES DISTRICT, a California public agency (herein, "DISTRICT"), and LAKE SHASTINA PROPERTY OWNERS ASSOCIATION, a California nonprofit public benefit corporation (herein, "LSPOA").

Recitals. LSPOA is the owner of an undivided interest in the "Lake Shastina Administration Building", located at 16320 Everhart Drive, Weed, Lake Shastina, California (herein, the "Property"), and the personal property contents thereof. DISTRICT is the record and equitable owner of all other interests in the Property and contents. LSPOA has agreed to convey its entire interest in the Property and contents to DISTRICT in exchange for a prepaid 20-year non-exclusive leasehold in portions of the Property (herein, the "Premises") on the terms set forth herein.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. AGREEMENT TO LEASE.

DISTRICT hereby leases to LSPOA, and LSPOA hereby hires from DISTRICT the Premises described as follows: a non-exclusive right to use and occupy such portions of the Property as may be reasonably required by LSPOA, subject to approval and concurrent use by DISTRICT and its invitees, for the conduct of LSPOA's administrative functions. Included in such rights shall be the use of the board meeting room for such meetings of LSPOA as it may from time to time require, subject to scheduling coordination with DISTRICT.

2. TERM OF LEASE; RENT.

a. **Term.** The term of this lease shall be for twenty (20) years, commencing on _____.

b. **Rent.** The rent payable by LSPOA to DISTRICT for the

Premises shall be \$120,000.00, payable in monthly installments of \$500.00. DISTRICT hereby acknowledges receipt of payment in full of all of the rent due for the entire lease term, in consideration of DISTRICT's receipt of a quitclaim deed and any other appropriate instruments from LSPOA conveying LSPOA's aforesaid interest in the Property, free and clear of any liens or encumbrances.

3. TAXES AND ASSESSMENTS.

a. Real Property Taxes. DISTRICT shall pay before delinquency all taxes and assessments, including but not limited to police and fire taxes levied by DISTRICT, that are levied on or charged as a result of DISTRICT's ownership interest in the Property during the term of this lease. LSPOA shall reimburse DISTRICT for 33.5% of the same.

b. LSPOA Leasehold and Personal Property. LSPOA shall pay before delinquency all taxes and assessments that are levied or assessed against LSPOA's leasehold herein.

4. USE.

LSPOA shall use the Premises only for its administrative functions, and for no other purposes without DISTRICT's prior written consent.

5. DISTRICT'S MAINTENANCE.

DISTRICT and LSPOA shall share the cost of maintenance, repairs, and other expenses relating to the Property, whereby DISTRICT shall pay 66.5% and LSPOA shall pay for 33.5% of the same. LSPOA shall reimburse DISTRICT for such portion of insurance costs, including the cost of including LSPOA as an additional insured, as may be from time to time agreed upon between them.

6. LSPOA'S ALTERATIONS.

LSPOA shall not make any alterations to the Premises or the Property.

7. EXCULPATION OF DISTRICT.

DISTRICT shall not be liable to LSPOA for any damage to

LSPOA or LSPOA's property from any cause, excepting only negligent, intentional, or malicious acts of DISTRICT or DISTRICT's employees.

8. PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE.

DISTRICT shall maintain public liability and property damage insurance on the Property, naming LSPOA as an additional insured. DISTRICT shall bear the cost of such insurance, provided however, that LSPOA shall reimburse DISTRICT for 33.5% of the same.

9. DESTRUCTION.

If, during the lease term, the Premises are totally or partially destroyed from a risk not covered by any insurance thereon, rendering them totally or partially inaccessible or unusable by LSPOA, LSPOA may terminate this lease. In that event, LSPOA shall not be entitled to any compensation from DISTRICT. If and at such time as the Premises are restored, however, this lease shall resume for the balance remaining on its term, on the conditions specified herein. If the Premises are damaged under circumstances that are covered by insurance, DISTRICT shall restore them as soon as practical, and this lease shall be extended by a period equal to the amount of time during which the Premises could not be utilized by LSPOA.

10. ASSIGNMENT.

LSPOA shall not have the right to assign or sublease this lease without first obtaining DISTRICT's prior consent.

11. SIGNS.

LSPOA shall have the right to place, construct, and maintain one (1) exterior sign on the Property, not to exceed 2'x 6' feet in size, at LSPOA's sole cost and expense, the location of which is to be subject to DISTRICT approval.

12. SURRENDER OF PREMISES.

On expiration of the lease term, LSPOA shall surrender to DISTRICT all possession and use of the Premises.

13. INTERPRETATION.

This lease agreement shall be interpreted evenly and fairly as to both sides, as if it had been jointly prepared by them.

14. UTILITIES.

DISTRICT shall pay for all utilities and services provided to the Property, provided however, that LSPOA shall reimburse DISTRICT for 33.5% of the same.

15. CONDITION OF LEASED PREMISES.

LSPOA has fully inspected and is familiar with the Premises, and it is unconditionally satisfied with the condition of same. DISTRICT shall not be obligated to make any repairs, improvements, or modifications to the Premises, the Building, or the Property unless DISTRICT has so agreed in writing. In no event shall DISTRICT be obligated to modify the Premises, the Building, or the Property in order to comply with any special needs of LSPOA.

16. AUTHORITY OF SIGNATOR.

Each of the undersigned personally warrants that he/she has been duly authorized to execute this lease agreement on behalf of the organization which he/she purports to represent.

17. MEMORANDUM OF LEASE.

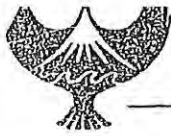
A short form memorandum of this lease may be prepared by LSPOA, and upon approval by DISTRICT and acknowledged execution by both DISTRICT and LSPOA, the same shall be recorded with the Recorder of Siskiyou County. Upon the expiration or termination of this lease, but prior to its recordation, LSPOA shall execute, acknowledge, and deliver to DISTRICT for recordation, a quitclaim deed or other appropriate instrument to memorialize the transfer to DISTRICT of LSPOA's interest in the leased Premises.

DISTRICT:
Lake Shastina Community Services
District, by:

Dated: _____

LSPOA:
Lake Shastina Property Owners
Association, by:

Dated: _____



LAKE SHASTINA PROPERTY OWNERS ASSOCIATION

December 17, 2004

Mr. Deon R. Stein
Stein & Baydaline, LLP
895 University Avenue
Sacramento, CA 95825

COPY

FAX: 916-669-3501 Page 1 of 9

Subject: Administration Building Lease

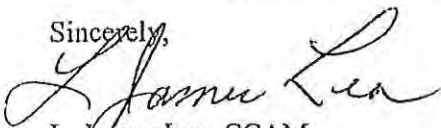
Dear Deon:

On behalf of the Lake Shastina Property Owners Association (LSPOA) Board, a legal review of this document is being requested so the Board may proceed.

In 1995, when it was concluded to proceed with the construction of this office building, it was agreed that in time all ownership would be turned over to the Lake Shastina Community Services District (LSCSD), the party owning the land, as well as, a public governmental agency. Everyone acknowledged how problems could surface. In light of this, and to negate the necessity to pay prevailing wages, the Lake Shastina Mutual Water Company (LSMWC) pulled the use permit and LSCSD paid for 33%, LSMWC paid for 33%, LSPOA paid 28% and RHCA paid 5%, which was later purchased by LSMWC. Now, all assets owned by LSMWC belong to LSCSD. Both LSPOA and LSCSD Boards are now friendly to one another and amenable to completing the transaction. Bob Winston, LSCSD legal counsel, has completed drafts of required documents and your review, as LSPOA legal counsel, is needed prior to LSPOA Board action (drafts enclosed).

Please call me with any questions; my desire is to address with LSPOA Board January 12, 2005, with the Board packet going out January 7.

Sincerely,



L. James Lea, CCAM
General Manager

LJL:sc

Enclosures: Draft Legal Documents regarding Administration Building Lease

- Memorandum of Lease
- Corporate Quitclaim Deed
- Bill of Sale
- Lease Agreement

FILED

ML
12/20/04 SL

LEASE AGREEMENT

COPY

This Lease Agreement is made at Siskiyou County, California, on the date last written below, by and between LAKE SHASTINA COMMUNITY SERVICES DISTRICT, a California public agency (herein, "DISTRICT"), and LAKE SHASTINA PROPERTY OWNERS ASSOCIATION, a California nonprofit public benefit corporation (herein, "LSPOA").

Recitals. LSPOA is the owner of an undivided 28.333% interest in certain real property commonly known as the "Lake Shastina Administration Building", located at 16320 Everhart Drive, Weed, Lake Shastina, California (herein, the "Property"). *total* DISTRICT is the record owner of all other interests in the Property. LSPOA has agreed to convey its interest in the Property to DISTRICT in exchange for a prepaid 20-year non-exclusive leasehold in portions of the Property (herein, the "Premises") on the terms set forth herein.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. AGREEMENT TO LEASE.

DISTRICT hereby leases to LSPOA, and LSPOA hereby hires from DISTRICT the Premises described as follows: a non-exclusive right to use and occupy such portions of the Property as may be reasonably required by LSPOA, subject to approval and concurrent use by DISTRICT and its invitees, for the conduct of LSPOA's administrative functions. Included in such rights shall be the use of the board meeting room for such meetings of LSPOA as it may from time to time require, subject to scheduling coordination with DISTRICT.

2. TERM OF LEASE; RENT.

a. Term. The term of this lease shall be for twenty (20) years, commencing on JANUARY 2005.

b. Rent. The rent payable by LSPOA to DISTRICT for the Premises shall be \$120,000.00, payable in monthly installments

of \$500.00. DISTRICT hereby acknowledges receipt of payment in full of all of the rent due for the entire lease term, in consideration of DISTRICT's receipt of a grant deed from LSPOA conveying LSPOA's aforesaid interest in the Property, free and clear of any liens or encumbrances.

3. TAXES AND ASSESSMENTS.

a. Real Property Taxes. DISTRICT shall pay before delinquency all taxes and assessments that are levied on or charged as a result of DISTRICT's ownership interest in the Property during the term of this lease. ~~Taxes and assessments~~

b. LSPOA Leasehold and Personal Property. LSPOA shall pay before delinquency all taxes and assessments that are levied or assessed against LSPOA's leasehold herein or on any of its personal property, fixtures, or equipment.

4. USE.

LSPOA shall use the Premises only for its administrative functions, and for no other purposes without DISTRICT's prior written consent.

5. DISTRICT'S MAINTENANCE.

DISTRICT shall at its sole cost and expense maintain in good condition all interior and exterior areas of the Property, subject, however, to any other past or future agreement between DISTRICT and LSPOA to apportion such expenses between them.

6. LSPOA'S ALTERATIONS.

LSPOA shall not make any alterations to the Premises or the Property.

7. EXCULPATION OF DISTRICT.

DISTRICT shall not be liable to LSPOA for any damage to LSPOA or LSPOA's property from any cause, excepting only negligent, intentional, or malicious acts of DISTRICT or DISTRICT's employees.

8. PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE.

DISTRICT shall maintain public liability and property damage insurance on the Property, naming LSPOA as an additional

insured. DISTRICT shall bear the cost of such insurance, subject, however, to any other past or future agreement between DISTRICT and LSPOA to apportion such expenses between them.

9. DESTRUCTION.

If, during the lease term, the Premises are totally or partially destroyed from a risk not covered by any insurance thereon, rendering them totally or partially inaccessible or unusable by LSPOA, LSPOA may terminate this lease. In that event, LSPOA shall not be entitled to any compensation from DISTRICT. If and at such time as the Premises are restored, however, this lease shall resume for the balance remaining on its term, on the conditions specified herein.

10. ASSIGNMENT.

LSPOA shall not have the right to assign or sublease this lease without first obtaining DISTRICT's prior consent.

11. SIGNS.

LSPOA shall have the right to place, construct, and maintain reasonable exterior signs on the Property, at its sole cost and expense.

12. SURRENDER OF PREMISES.

On expiration of the lease term, LSPOA shall surrender to DISTRICT all possession and use of the Premises.

13. INTERPRETATION.

This lease agreement shall be interpreted evenly and fairly as to both sides, as if it had been jointly prepared by them.

14. UTILITIES.

DISTRICT shall pay for all utilities and services provided to the Property, subject, however, to any other past or future agreement between DISTRICT and LSPOA to apportion such expenses between them.

15. CONDITION OF LEASED PREMISES.

LSPOA has fully inspected and is familiar with the Premises, and it is unconditionally satisfied with the condition of same. DISTRICT shall not be obligated to make any repairs,

improvements, or modifications to the Premises, the Building, or the Property unless DISTRICT has so agreed in writing. In no event shall DISTRICT be obligated to modify the Premises, the Building, or the Property in order to comply with any special needs of LSPOA.

16. AUTHORITY OF SIGNATOR.

Each of the undersigned personally warrants that he/she has been duly authorized to execute this lease agreement on behalf of the organization which he/she purports to represent.

17. MEMORANDUM OF LEASE. A short form memorandum of this lease may be prepared by LSPOA, and upon approval by DISTRICT and acknowledged execution by both DISTRICT and LSPOA, the same shall be recorded with the Recorder of Siskiyou County. Upon the expiration or termination of this lease, LSPOA shall execute and acknowledge a quitclaim deed or other appropriate instrument to memorialize the cessation of its interest in the leased Premises.

DISTRICT:
Lake Shastina Community Services
District, by:

Dated: _____

LSPOA:
Lake Shastina Property Owners
Association, by:

Dated: _____

STAFF EVALUATION

This review has found that if we split, costs go up and productivity goes down.

CSD will cut current staff appx 50%, which means we lose some if not all current well trained and experienced employees and payroll costs will not go down since LSPOA has been paying appx 50%.

CSD overhead will increase, maybe double. Utilities and office expenses for CSD were \$13,939 for 13/14 and \$14,551 for 14/15, and LSPOA was paying appx the same amount (double if they go away).

If separated, service to the members will decline.

If we stay together we will be able to keep well trained and experienced staff. The Union and CalPers has no problem with public and private working together, and there are no other conflicts.

Service to members will remain the same.

We would suggest LSCSD and LSPOA stay together. Also have Debbie be responsible for the office workload as she is here full time, is knowledgeable about deadlines and priorities. Both general managers would request necessary work from Debbie, not the employees.

LSCSD/LSPOA STAFF REVIEW

2012-2013	2013-2014	2014-2015
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Payroll	294,465	291,245	399,283
Taxes	6,875	7,034	9,328
benefits	84,541	77,316	81,762
Cal Pers	48,182	46,226	52,533
Cal Pers EE	5,313	6,271	4,071
Workman Comp	3,297	2,915	4,716

442,673	431,007	551,693
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Less CCR	68,379	76,541	82,038
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374,294	354,466	469,655
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LSPOA Reimb.	162,831	175,075	190,960
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211,463	179,391	278,695
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TOGETHER

Keep experienced & well trained staff - best for community

Have Debbie be responsible for office workload since she is full time
GM's make requests to her and she assigns work

Union and CalPers has no problem with staff working for both
POA payment does include CalPers

No conflict between public & private agency working together.

Members

CSD	3918	
LSPOA	3127	80%
RHPOA	589	15%
Other POAs		5%

Employees

	Years
Debbie	6.75
Sylvia	14.92
Sharon	14.92
Allana	0.75

SPLIT

Staff cut by appx 50%

Unable to have trained staff work when & where
needed due to peaks and valleys in
workload, more overtime \$

Overhead will increase, maybe double

Ability to assist members goes down