

REGULAR BOARD MEETING AGENDA
August 19, 2014 2:00 PM
Saddle Creek Lodge, Members Lounge
1001 Saddle Creek Drive, Copperopolis, CA

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. PLEDGE OF ALLEGIANCE**
- 4. CHANGES TO ORDER OF AGENDA**
- 5. PUBLIC COMMENT** (Each speaker is limited to two (2) minutes)
Members of the public appreciated for taking the time to attend this meeting and provide comments on matters of District business. Any member of the public may address the Board relating to any matter within the Board's jurisdiction. This need not be related to any item on the agenda; however, the Board cannot act on an item unless it was noticed on the agenda.
- 6. CONSENT CALENDAR**
Consent Calendar items are considered routine and will be acted upon by one motion. There will be no separate discussion on these items unless a member of the Board, Staff or a member of the Public requests specific items be set aside for separate discussion.
 - a. Review of monthly financial report and approval of bills and claims for the month of July 2014.
 - b. Approval of the minutes of the Regular Board Meeting of July 15, 2014
- 7. OLD BUSINESS**
 - a. Discussion/Action regarding acceptance of the 2013 independent Audit Report prepared by Larry Bain, CPA
 - b. Update report by District staff of the Impact of Drought and Mandatory Water Conservation on District Operations.
 - c. Approval of a Resolution amending and adopting the District's Conflict of Interest Code pursuant to California Government Code Section 83700 et seq.
- 8. NEW BUSINESS**
 - a. Discussion/Action regarding participation in the Tuolumne-Stanislaus Integrated Regional Water Management Plan, Watershed Advisory Committee and Joint Powers Authority.
 - b. Approval of a Resolution authorizing execution of an agreement with Bank of the West for participation in the California Special Districts Association credit card program.
 - c. Approval of a Resolution establishing the Board policy on Credit Card Use.
 - d. Approval of a Resolution establishing the Board policy on Travel Expense Limitations.

- e. Approval of a Resolution establishing the Board Policy on Board Member Compensation.
- f. Discussion/Action regarding amendment to the 2014 budget to reflect a reduction in personnel expenses and a commensurate increase in contracted services expenses.

9. STAFF REPORTS

Brief reports will be provided by District staff to inform the Board and public on the status of general operational and administrative matters. No action will be taken by the Board during Reports, however items discussed may be recommended for discussion and action on a future meeting agenda.

- a. Site Manager
- b. General Manager
 - (1) Report on the status of preparation of Board priorities and management objectives for 2014/2015
 - (2) Proposed policy on Easement Abandonment Procedures
 - (3) Report on general district administrative matters

10. DIRECTORS REPORTS

Brief reports will be provided by District Board members to inform on matters of general interest. No action will be taken by the Board during Reports, however items discussed may be recommended for discussion and action on a future meeting agenda.

11. ADJOURNMENT

Next Meeting – September 16, 2014

Agenda Materials: May be viewed on the bulletin boards outside the Saddle Creek Pro Shop, on the Sports Club Bulletin Board and at the CSD Website on the Saturday proceeding each meeting date. Materials will also be available at the meeting.

Americans with Disabilities Act Compliance: If you require special assistance to participate in Board Meetings, please contact the CSD Clerk at (209) 785-0100. Advance notification will enable the District to make reasonable arrangements to insure accessibility.

Saddle Creek Community Services District

Regular Meeting of August 19, 2014

AGENDA SUPPORTING DATA

6 CONSENT CALENDAR

- a. Review of monthly financial report and approval of bills and claims for the month of July 2014.
- b. Approval of the minutes of the Regular Board Meeting of July 15, 2014

Background

Consent Calendar (also referred to as Consent Agenda) items are considered routine and will be acted upon by one motion. The purpose of the Consent Calendar is to provide an efficient means for approval of non-controversial/routine items, saving Board time and energy for agenda items that require much more thought and discussion. Consent items are still a matter of public business and the public is allowed to comment on any item on the agenda, Consent or otherwise.

The Board Secretary will read the title of the item as listed on Agenda. The Board President will then ask the Board if there is a request to pull any item, or discussion on the Consent Calendar in total. The President then asks the public if there is any comment or a request to pull an item for separate discussion.

The Board is considering the Consent Calendar as a single item, and only one approval motion is required. There will be no separate discussion on these items unless a member of the Board, Staff or a member of the Public requests specific items be set aside for separate discussion; and the Board President approves its removal from the Consent Calendar. As a matter of procedure, this request should always be honored.

If there is a request to individually discuss and consider any item on the Consent Calendar, then it is appropriate for the Board President to set that item aside, and ask for a motion approving the remaining Consent Calendar items first, then take up the pulled item(s) as if they were separately listed on the agenda.

Recommended Motion

I move to approve the Consent Agenda as presented.

SADDLE CREEK COMMUNITY SERVICES DISTRICT
FY 2014 MONTHLY BUDGET REPORT
July, 2014

	Current Year - 2014			Prior Year - 2013		
	(Approved) FY 2014	(Expenditures) Month of July	(Expenditures) Year to Date	(Approved) FY 2013	(Expenditures) Month of July	(Expenditures) Year to Date - Prior Year
OPERATIONAL EXPENSES						
Audit Expense	\$ 7,500	\$ -	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Accounting & Bookkeeping	\$ 6,000	\$ 388	\$ 4,344	\$ 5,000	\$ 650	\$ 3,484
On-line Back-up/Notary Fees/Bonds	\$ 1,000	\$ -	\$ 351	\$ 700	\$ -	\$ 351
Legal Expenses	\$ 1,500	\$ -	\$ 500	\$ 1,500	\$ -	\$ 406
Management Fees	\$ 28,500	\$ 4,750	\$ 4,750	\$ -	\$ -	\$ -
Insurance (Property Loss/Liability)	\$ 8,000	\$ -	\$ 6,359	\$ 7,000	\$ -	\$ 6,065
Miscellaneous/Contingency	\$ 5,000	\$ 575	\$ 575	\$ 5,000	\$ -	\$ 41
Professional Development (Travel/Training)	\$ 5,000	\$ 80	\$ 4,074	\$ 5,000	\$ 142	\$ 2,831
Dues, Certifications & Subscriptions	\$ 4,000	\$ -	\$ 1,790	\$ 4,000	\$ 342	\$ 1,936
Uniform Expenses	\$ 1,600	\$ -	\$ 1,862	\$ 1,600	\$ 406	\$ 542
Electric Power/Water/Sewer	\$ 5,000	\$ 567	\$ 2,856	\$ 5,000	\$ 543	\$ 2,854
Telephone/Pager Service	\$ 5,000	\$ 357	\$ 2,451	\$ 5,000	\$ 356	\$ 2,634
Internet Service	\$ 1,200	\$ 75	\$ 525	\$ 1,200	\$ 75	\$ 625
Office Supplies/Postage	\$ 4,500	\$ 707	\$ 3,113	\$ 4,500	\$ 251	\$ 2,859
Office Equipment Repair/Replacement	\$ 2,300	\$ -	\$ 1,788	\$ 2,300	\$ -	\$ 1,482
Gate Maintenance & Opener Purchase	\$ 4,000	\$ 163	\$ 1,814	\$ 16,500	\$ -	\$ 13,264
Street & Main Gate Lighting Maint/Repair	\$ 13,500	\$ 120	\$ 5,636	\$ 8,300	\$ -	\$ 5,133
Landscape Supplies & Repairs	\$ 21,000	\$ 427	\$ 18,776	\$ 21,000	\$ 695	\$ 18,959
Landscape Equipment Repair/Replacement	\$ 16,500	\$ -	\$ 16,466	\$ 16,583	\$ 203	\$ 14,895
Lease/Purchase Tractor	\$ -	\$ -	\$ -	\$ 3,909	\$ -	\$ 3,127
Landscape Equipment Gas & Oil	\$ 7,000	\$ 1,022	\$ 2,558	\$ 7,000	\$ -	\$ 2,259
Mosquito Control Products (4)	\$ 13,500	\$ -	\$ 12,317	\$ 11,000	\$ 7,000	\$ 9,512
Mosquito Abatement Monitoring & Testing	\$ 3,000	\$ 53	\$ 1,157	\$ 2,800	\$ -	\$ 1,196
Mosquito Abatement Vehicles Gas & Oil	\$ 13,000	\$ -	\$ 7,677	\$ 13,000	\$ 1,981	\$ 8,064
Mosquito Abatement Equipment Maintenance	\$ 5,000	\$ -	\$ 5,890	\$ 5,000	\$ 313	\$ 2,759
County Fees/LAFCO (2)	\$ 6,500	\$ -	\$ 2,805	\$ -	\$ -	\$ -
Reimbursable Maint/Repair Expense (1)	\$ -	\$ -	\$ 4,204	\$ -	\$ -	\$ 7,623
Total Operational Expenses:	\$ 189,100	\$ 9,284	\$ 122,138	\$ 160,392	\$ 20,457	\$ 120,401
PERSONNEL EXPENSES						
Worker Compensation Insurance	\$ 16,000	\$ -	\$ 5,144	\$ 15,500	\$ -	\$ 4,994
Health Insurance	\$ 58,780	\$ 3,845	\$ 27,687	\$ 57,000	\$ 3,873	\$ 24,015
Payroll Taxes	\$ 28,000	\$ 1,337	\$ 12,173	\$ 27,000	\$ 2,058	\$ 14,786
Processing Fees	\$ 1,400	\$ 111	\$ 805	\$ 1,400	\$ 115	\$ 793
Directors Stipend	\$ 6,000	\$ -	\$ -	\$ 6,000	\$ -	\$ -
Employee Wages	\$ 281,500	\$ 16,975	\$ 136,707	\$ 309,500	\$ 24,187	\$ 159,442
Total Personnel Expenses:	\$ 391,680	\$ 22,268	\$ 182,516	\$ 416,400	\$ 30,233	\$ 204,030

SADDLE CREEK COMMUNITY SERVICES DISTRICT
FY 2014 MONTHLY BUDGET REPORT
July, 2014

	Current Year - 2014			Prior Year - 2013		
	(Approved)	(Expenditures)	(Expenditures)	(Approved)	(Expenditures)	(Expenditures)
	FY 2014	Month of July	Year to Date	FY 2013	Month of July	Year to Date - Prior Year
<u>CAPITAL OUTLAY</u>						
2" SDS Rotary Hammer (2013)	\$ -	\$ -	\$ -	\$ 1,350	\$ -	\$ 1,349
Workman MDE Cart (2013)	\$ -	\$ -	\$ -	\$ 12,500	\$ -	\$ 11,886
<u>Total Capital Outlay:</u>	\$ -	\$ -	\$ -	\$ 13,850	\$ -	\$ 13,235
<u>Total Expenses:</u>	\$ 580,780	\$ 31,552	\$ 304,654	\$ 590,642	\$ 50,690	\$ 337,666

PAYMENTS AND ASSESSMENTS RECEIVED

Assessment Income

	Date Rec'd:	Amount:	Date Rec'd:	Amount:
Payment No. 1:	Feb 7, 2014	\$ 305,793	Feb 15, 2013	\$ 299,925
Payment No. 2:	May 30, 2014	\$ 224,421	Jun 10, 2013	\$ 217,111
Payment No. 3:	Due	\$ 28,053	Sep 13, 2013	\$ 27,710
Adjustment to Income (3)			Oct. 31, 2013	\$ 2,703

Reimbursement Income

From:	For:	Date Rec'd:	Amount:	Date Rec'd:	Amount:
Castle & Cooke	Various			Various	\$ 9,854
Toro Equipment	Gate Repairs			Sep 13, 2013	\$ 680
Castle & Cooke	Tractor/Equipment Repairs	Mar-Aug, 2014	\$ 4,204		

Other Income

From:	For:	Date Rec'd:	Amount:	Date Rec'd:	Amount:
Castle & Cooke	Weed Abatement			Jul-Aug, 2013	\$ 3,000
Lot Owners	Weed Abatement	Aug, 2014	\$ 900	Jul-Nov, 2013	\$ 2,200
Lot Owners	Gate Openers/Cards	Jan-Jul, 2014	\$ 288	Jan-Nov, 2013	\$ 1,326
Umpqua Bank	CD Interest	Jan-Jul, 2014	\$ 158	Jan-Nov, 2013	\$ 384
Calaveras County	Interest Received	Jan-Jul, 2014	\$ 288	Jan-Dec, 2013	\$ 516
Various	Other Miscellaneous	Jan-Jul, 2014	\$ 14	Jan-Dec, 2013	\$ 55
Central Life Sciences	Adapco Rebate (4)	Aug 15, 2014	\$ 1,724		

Notes

- (1) Equip Maint/Repair expenses billed to Castle & Cooke - Payment shown in Reimbursement Income
- (2) County Admin/LAFCO Fees recorded from County Auditor's Statement
- (3) Adjustment to Income made to reallocate County/LAFCO Fees and County Interest Received to their proper accounts (2013)
- (4) Net expenditures for Act OE22 - Mosquito Control Products: \$ 10,593 Budget amount \$ 2,907

Saddle Creek Community Services District
Balance Sheet
 As of July 31, 2014

	Jul 31, 14
ASSETS	
Current Assets	
Checking/Savings	
1000 · Umpqua Bank Checking	432,283.80
1020 · Cash - Fund 2188	28,187.22
1080 · Umpqua Bank CD Accounts	
1081 · CD 7405	25,743.13
1082 · CD 46165	25,109.57
1083 · CD 46207	25,109.57
1084 · CD 46249	25,078.86
1085 · CD 46124	25,078.86
Total 1080 · Umpqua Bank CD Accounts	126,119.99
Total Checking/Savings	586,591.01
Accounts Receivable	
1200 · Accounts Receivable	1,047.08
Total Accounts Receivable	1,047.08
Total Current Assets	587,638.09
Fixed Assets	
1500 · Capital Assets	
1501 · Equipment	196,071.70
1503 · Roads	2,360,462.00
1504 · Easements	10,344,000.00
1505 · Buildings	79,000.00
Total 1500 · Capital Assets	12,979,533.70
1600 · Accumulated Depreciation	
1601 · Equipment	-175,726.94
1603 · Roads	-569,656.38
1605 · Buildings	-15,010.00
Total 1600 · Accumulated Depreciation	-760,393.32
Total Fixed Assets	12,219,140.38
TOTAL ASSETS	12,806,778.47
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	14,277.23
Total Accounts Payable	14,277.23
Credit Cards	
2060 · CSD Visa - MLB	1,066.90
Total Credit Cards	1,066.90
Other Current Liabilities	
2100 · Payroll Liabilities	399.58
2150 · Accrued Payroll	9,290.03
2200 · Sales Tax Payable	5.58
Total Other Current Liabilities	9,695.19
Total Current Liabilities	25,039.32
Total Liabilities	25,039.32
Equity	
3800 · Developer Capital Contributions	12,198,795.62
3900 · Retained Earnings	630,172.26
Net Income	-47,228.73
Total Equity	12,781,739.15

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08/15/14
Accrual Basis

Saddle Creek Community Services District
Balance Sheet
As of July 31, 2014

	<u>Jul 31, 14</u>
TOTAL LIABILITIES & EQUITY	<u><u>12,806,778.47</u></u>

08/15/14

Saddle Creek Community Services District
Check Detail
July 2014

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Paid Amount</u>
DD	7/3/2014	Mark A. Dunlop	1000 · Umpqua Bank Checking	
			PE06 · Employee Wages	-1,247.84
			PE03 · Payroll Taxes	-95.45
			2100 · Payroll Liabilities	35.41
			2100 · Payroll Liabilities	320.42
TOTAL				-987.46
DD	7/3/2014	Gregory Hebard	1000 · Umpqua Bank Checking	
			PE06 · Employee Wages	-3,215.63
			PE03 · Payroll Taxes	-246.00
			2100 · Payroll Liabilities	223.03
			2100 · Payroll Liabilities	1,017.52
TOTAL				-2,221.08
DD	7/3/2014	HERNAN HERNANDEZ	1000 · Umpqua Bank Checking	
			PE06 · Employee Wages	-882.40
			PE06 · Employee Wages	-55.15
			PE06 · Employee Wages	-33.09
			PE03 · Payroll Taxes	-74.26
			2100 · Payroll Liabilities	20.45
			2100 · Payroll Liabilities	236.46
TOTAL				-787.99
DD	7/3/2014	Ralph M. McGeorge	1000 · Umpqua Bank Checking	
			PE06 · Employee Wages	-1,872.67
			PE03 · Payroll Taxes	-143.26
			2110 · Wage Garnishments Payable	103.00
			2100 · Payroll Liabilities	37.18
			2100 · Payroll Liabilities	427.42
TOTAL				-1,448.33
DD	7/3/2014	BRADLEY D NICKELL	1000 · Umpqua Bank Checking	
			PE06 · Employee Wages	-882.40
			PE03 · Payroll Taxes	-107.20
			2100 · Payroll Liabilities	34.41
			2100 · Payroll Liabilities	8.82
			2100 · Payroll Liabilities	5.29
			2100 · Payroll Liabilities	164.49
TOTAL				-776.59
DD	7/3/2014	PHYLLIS J RICHARDS	1000 · Umpqua Bank Checking	
			PE06 · Employee Wages	-120.00
			PE03 · Payroll Taxes	-14.58
			2100 · Payroll Liabilities	4.68
			2100 · Payroll Liabilities	1.20
			2100 · Payroll Liabilities	0.72
			2100 · Payroll Liabilities	18.36
TOTAL				-109.62
DD	7/18/2014	Mark A. Dunlop	1000 · Umpqua Bank Checking	
			PE06 · Employee Wages	-1,247.84
			PE03 · Payroll Taxes	-95.47
			2100 · Payroll Liabilities	35.41

Saddle Creek Community Services District
Check Detail
July 2014

08/15/14

Num	Date	Name	Account	Paid Amount
			2100 · Payroll Liabilities	320.46
TOTAL				-987.44
DD	7/18/2014	Gregory Hebard	1000 · Umpqua Bank Checking	
			PE06 · Employee Wages	-3,215.63
			PE03 · Payroll Taxes	-245.99
			2100 · Payroll Liabilities	223.02
			2100 · Payroll Liabilities	1,017.50
TOTAL				-2,221.10
DD	7/18/2014	Ralph M. McGeorge	1000 · Umpqua Bank Checking	
			PE06 · Employee Wages	-1,872.67
			PE03 · Payroll Taxes	-143.26
			2110 · Wage Garnishments Payable	103.00
			2100 · Payroll Liabilities	37.17
			2100 · Payroll Liabilities	427.42
TOTAL				-1,448.34
DD	7/18/2014	BRADLEY D NICKELL	1000 · Umpqua Bank Checking	
			PE06 · Employee Wages	-882.40
			PE03 · Payroll Taxes	-96.62
			2100 · Payroll Liabilities	25.23
			2100 · Payroll Liabilities	8.83
			2100 · Payroll Liabilities	3.88
			2100 · Payroll Liabilities	164.51
TOTAL				-776.57
DD	7/18/2014	PHYLLIS J RICHARDS	1000 · Umpqua Bank Checking	
			PE06 · Employee Wages	-158.04
			PE03 · Payroll Taxes	-19.21
			2100 · Payroll Liabilities	6.17
			2100 · Payroll Liabilities	1.58
			2100 · Payroll Liabilities	0.95
			2100 · Payroll Liabilities	24.18
TOTAL				-144.37
DD	7/18/2014	HERNAN HERNANDEZ	1000 · Umpqua Bank Checking	
			PE06 · Employee Wages	-970.64
			PE03 · Payroll Taxes	-74.25
			2100 · Payroll Liabilities	20.44
			2100 · Payroll Liabilities	236.44
TOTAL				-788.01
P/R Fee	7/2/2014	Intuit Full Service Payroll	1000 · Umpqua Bank Checking	
			PE04 · Processing Fees	-111.00
TOTAL				-111.00
P/R Tax	7/9/2014	CA EDD	1000 · Umpqua Bank Checking	
			2100 · Payroll Liabilities	-326.09
TOTAL				-326.09
P/R Tax	7/9/2014	IRS	1000 · Umpqua Bank Checking	

Saddle Creek Community Services District
Check Detail
July 2014

08/15/14

Num	Date	Name	Account	Paid Amount
			2100 · Payroll Liabilities	-2,184.67
TOTAL				-2,184.67
P/R Tax	7/21/2014	CA EDD	1000 · Umpqua Bank Checking	
			2100 · Payroll Liabilities	-563.34
			2100 · Payroll Liabilities	-0.02
			PE03 · Payroll Taxes	0.02
TOTAL				-563.34
P/R Tax	7/23/2014	IRS	1000 · Umpqua Bank Checking	
			2100 · Payroll Liabilities	-2,190.51
TOTAL				-2,190.51
P/R Tax	7/23/2014	CA EDD	1000 · Umpqua Bank Checking	
			2100 · Payroll Liabilities	-326.45
TOTAL				-326.45
1573	7/3/2014	California State Disbursement Unit	1000 · Umpqua Bank Checking	
	7/3/2014		2110 · Wage Garnishments Payable	-103.00
TOTAL				-103.00
1574	7/15/2014	Calaveras Telephone - Internet	1000 · Umpqua Bank Checking	
	6/30/2014		OE13 · Internet Service	-74.95
TOTAL				-74.95
1575	7/15/2014	Calaveras Telephone Co.	1000 · Umpqua Bank Checking	
	6/30/2014		OE12 · Telephone & Pager Service	-241.95
TOTAL				-241.95
1576	7/15/2014	California Waste Recovery Systems	1000 · Umpqua Bank Checking	
	7/1/2014		OE18 · Landscape Supplies & Repairs	-30.45
TOTAL				-30.45
1577	7/15/2014	Ewing	1000 · Umpqua Bank Checking	
Inv 8242663	6/21/2014		OE18 · Landscape Supplies & Repairs	-66.47
Inv 8242664	6/21/2014		OE18 · Landscape Supplies & Repairs	-141.76
TOTAL				-208.23
1578	7/15/2014	Golden State Cellular	1000 · Umpqua Bank Checking	
2419222	6/21/2014		OE12 · Telephone & Pager Service	-100.14
TOTAL				-100.14
1579	7/15/2014	John Deere Financial	1000 · Umpqua Bank Checking	
06/08/14-07/10/14	7/10/2014		2070 · John Deere Financial	-1,047.08
TOTAL				-1,047.08

Saddle Creek Community Services District
Check Detail
July 2014

08/15/14

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Paid Amount</u>
1580	7/15/2014	Karen F. Roberts	1000 · Umpqua Bank Checking	
Inv 140008	6/30/2014		OE02 · Accounting & Bookkeeping	-468.75
TOTAL				-468.75
1581	7/15/2014	Keith Impink	1000 · Umpqua Bank Checking	
721065	7/10/2014		OE07 · Miscellaneous/Contingency	-575.00
TOTAL				-575.00
1582	7/15/2014	Lake Tulloch True Value Hardware	1000 · Umpqua Bank Checking	
05/26/14-06/25/14	6/25/2014		OE25 · Mosquito Abatement Equip Maint	-28.55
TOTAL				-28.55
1583	7/15/2014	MVCAC	1000 · Umpqua Bank Checking	
Inv 7357005	6/17/2014		OE09 · Dues, Certs & Subscriptions	-387.00
TOTAL				-387.00
1584	7/15/2014	PG&E - 7193	1000 · Umpqua Bank Checking	
06/10/14-07/10/14	7/10/2014		OE11 · Electric Power/Water/Sewer	-312.87
TOTAL				-312.87
1585	7/15/2014	SC Fuels	1000 · Umpqua Bank Checking	
Inv 0130209	6/20/2014		OE24 · Mosquito Abate Vehicles Gas/Oil	-1,082.35
TOTAL				-1,082.35
1586	7/15/2014	SDRMA-Health Ins.	1000 · Umpqua Bank Checking	
Inv 15098	7/3/2014		PE02 · Health Insurance	-3,845.40
TOTAL				-3,845.40
1587	7/15/2014	The Union Democrat	1000 · Umpqua Bank Checking	
6/1-6/30/14	6/30/2014		OE09 · Dues, Certs & Subscriptions	-20.30
TOTAL				-20.30
1588	7/15/2014	Turf Star, Inc.	1000 · Umpqua Bank Checking	
Inv 593352-00	6/30/2014		OE19 · Landscape Equip Repair/Replace	-682.23
TOTAL				-682.23
1589	7/15/2014	Valley Entry Systems, Inc.	1000 · Umpqua Bank Checking	
Inv 20341	6/13/2014		OE16 · Gate Maint/Repair/Staff/Openers	-978.25
Inv 20387	6/19/2014		OE16 · Gate Maint/Repair/Staff/Openers	-548.00
Inv 20528	7/8/2014		OE16 · Gate Maint/Repair/Staff/Openers	-163.00
TOTAL				-1,689.25
1590	7/15/2014	Valley Farm Supply Stores, Inc.	1000 · Umpqua Bank Checking	
H102343	6/30/2014		OE25 · Mosquito Abatement Equip Maint	-1,258.84

Saddle Creek Community Services District
Check Detail
July 2014

08/15/14

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Paid Amount</u>
TOTAL				-1,258.84
1591	7/15/2014	MLB Visa	1000 · Umpqua Bank Checking	
06/07/14-07/07/14	7/7/2014		2060 · CSD Visa - MLB	-678.84
TOTAL				-678.84
1592	7/18/2014	California State Disbursement Unit	1000 · Umpqua Bank Checking	
	7/18/2014		2110 · Wage Garnishments Payable	-103.00
TOTAL				-103.00
1594	7/30/2014	CCWD	1000 · Umpqua Bank Checking	
05/16/14-07/15/14	7/25/2014		OE11 · Electric Power/Water/Sewer	-254.02
TOTAL				-254.02
SIsTx2014	7/15/2014	Board of Equalization	1000 · Umpqua Bank Checking	
		Board of Equalization	2200 · Sales Tax Payable	-34.94
		Board of Equalization	2200 · Sales Tax Payable	-217.06
TOTAL				-252.00

Draft
SADDLE CREEK COMMUNITY SERVICES DISTRICT
MINUTES FOR THE MEETING OF THE BOARD OF DIRECTORS

July 15, 2014

CALL TO ORDER

The Saddle Creek Community Services District (CSD) Board of Directors held their monthly meeting on Tuesday July 15, 2014. President Lazarus called the meeting to order at 2:00 PM in the Members Lounge and led Directors and staff in the Pledge of Allegiance.

ROLL CALL: Roll call indicated the following directors were present:

President:	Kent Lazarus
Vice President:	Scott Baker
Director	Darlene DeBaldo
Director	Sue Russ
Director	Charlie Robinson

Staff:	The following staff members were present:	
	General Manager	Peter Kampa
	Site Manager:	Greg Hebard
	Clerk/Treasurer:	Phyllis Richards

Public:	Castle & Cooke	Dave Haley
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CHANGES TO THE ORDER OF AGENDA:

None suggested.

PUBLIC COMMENT:

None

CONSENT CALENDAR: Consent Calendar items are considered routine and will be acted upon by one motion. There will be no separate discussion of these items unless a member of the Board, Staff or a member of the public requests specific items to be set aside for separate action.

- a. Approval of General Manager services contract - Kampa Community Solutions, LLC.

The General Manager search Ad-Hoc Committee and Board of Directors has completed its evaluation of candidates, issued an employment offer and has received acceptance of that offer by Kampa Community Solutions, LLC. The Board approved the contract with Kampa Community Solutions, LLC as presented.

- b. Review of monthly financial report and approval of bills and claims for the month of June 2014.
- C. Approval of the minutes of the Regular Board Meeting of June 17, 2014.

Motion by Director Robinson and Second by Director Baker to move approval of items a, b and c of the Consent Agenda. Motion passed unanimously.

CORRESPONDENCE: (Board will briefly address/respond/refer)

None.

OLD BUSINESS:

- a. Update report by District staff on Calaveras County Water District (CCWD) Mandatory Phase 3 Water Conservation.

General Manager Kampa summarized the written report presented to the Board regarding the fact that the State Water Resources Control Board (SWRCB) has issued a directive to permitted water right holders, requiring that all surface water diversions be terminated. Calaveras County Water District (CCWD) received such a directive, but due to the fact that surface water is their only source of water supply for many of the communities it serves, they were able to exempt certain levels of water diversions by submitting a strict water conservation compliance plan. Included in this agenda item for discussion at the meeting was a copy of the email sent to the Board on July 9, 2014. The purpose of this agenda item was to provide an update to the Board and community on the potential impact of water supply cutbacks on our operations and facilities; as well as to convey the cooperative efforts of the golf course and CCWD.

Site Manager Greg Hebard stated that we are currently lower than the 35% reduction required by CCWD and that although we are still making pond adjustments, our systems are staying healthy.

President Lazarus wanted to know if digging wells would be a possibility. Mr. Haley stated that there is no ground water in this area in fact the wells are drying up.

- b. Final report and abolishment of the interim District Management and General Manager Search Committees.

The Board of Directors had previously established two Ad-hoc committees to ensure the proper management of the day to day affairs of the District during the time period when no General Manager was present, and to select a candidate to serve as the replacement General Manager. The committees have now completed their task and

provided a closing report on their activities. The new General Manager selected, Peter J. Kampa was introduced to the Board by the Committee.

President Lazarus and Site Manager Hebard thanked Directors Russ and Baker for all their help. The Board then abolished the committees.

Director Russ said that the only thing that is left to do is to get a new visa card for the CSD. We currently have one with Mother Load Bank; however we have moved all of our accounts to Umpqua Bank. She will turn this item over to GM Kampa for handling.

NEW BUSINESS:

- a.** Review/Discussion of the 2013 independent Audit Report prepared by Larry Bain, CPA; who will be in attendance at the August meeting for clarification and questions.

An annual audit of the District's financial statements is completed pursuant to the requirements of State law. Larry Bain, CPA was engaged to conduct the audit for the 2013 calendar year, and the draft audit was included in the Board's agenda packet for advance review. Mr. Bain will be in attendance to further discuss the audit and answer questions during the August 2014 Board meeting.

Manager Kampa stated that commendations to staff are appropriate as the financial statements appear to be in good order, with no material weaknesses noted. The deficiencies stated in the audit report are not uncommon for smaller special districts and management will propose to the Board a slate of actions to remedy any deficiencies as necessary and appropriate.

Director DeBaldo wanted to know what Peter's experience with Federal Unemployment Tax has been. He indicated that he has never heard of a district paying that tax. The Board discussed briefly the need for an updated expense reimbursement policy. Kampa will propose such a policy for Board consideration. GM Kampa will discuss the Board's concerns with Larry Bain.

Mr. Haley stated that he would like to have the Reserve Funds identified and to know how much is funded, and what is the balance. GM Kampa stated that he is not sure what steps the Board has taken to set up Reserve Funds.

Director Russ believes that the money that we currently have is to run the district, and when we are completely built out we should have enough funds for the reserve.

GM Kampa stated that there are good reserve guidelines and the Board can adopt a policy, however there might not be funds to support it. He will review the documentation and get back to the Board.

Director Robinson stated that we are not subject to the Gann limit, and it is shown on the audit. He would like to have this item corrected. Kampa will review the matter with Auditor Bain.

- b. Discussion/Action regarding amendment to the District's Conflict of Interest code pursuant to California Government Code Section 83700 et seq.

State law requires that the District issue a report on its Conflict of Interest Code every two years in even numbered years. The District last considered update to its Code in 2012 and update consideration is now necessary. A copy of the current Conflict of Interest Code was distributed to the Board during the meeting. The purpose of the Code is to ensure that the District is operated and managed in an ethical manner, consistent with the many applicable laws and standards. The Code must be amended when circumstances change such as modified employee or Board responsibilities, or contracting for management services versus hiring regular employees; both of which have occurred recently at the District. Brief discussion was held on proposed Code amendments, with Kampa directed to return with a final version to be placed on the August 2014 agenda for approval.

GM Kampa stated that he will have to review our Conflict of Interest Code. There are certain requirements that have to be met. He will put this information together for the Board's review and if it needs legal review he will also have this done.

Motion by Director Robinson and Second by Director Russ to move approval of GM Kampa's review of the Conflict of Interest Code, and when completed he will present a policy proposal to the Board. Motion passed unanimously.

- C. Discussion/Action regarding the process and schedule for establishment of District priorities and supporting management objectives for the General Manager.

In a written report to the Board, Kampa described the importance of setting goals to guide the district and creating objectives that are clearly defined and measurable; for both the performance of the District and General Manager. President Lazarus would like to set up a task force with one of the directors and GM Kampa. He suggested Director DeBaldo meet with GM Kampa to come up with a list of goals and objectives for the new general manager. Director DeBaldo had no objections and agreed to be part of the task force.

The Board proposed to conduct a public hearing to discuss the goal and objectives for the district. President Lazarus would like a report back to the Board within 60-90 days. GM Kampa will have a report ready to present to the Board in the September or October Board Meeting.

- d. Discussion/Action regarding waiver of compensation due to directors for attendance at the special meetings of May 13, 2014 and June 17 and 20, 2014.

The Board held vibrant discussion regarding the remuneration made available to directors for meeting attendance and the level of effort to prepare for and attend meetings. There was sentiment both to waive the receipt of compensation and to receive it.

Motion by Director Robinson and Second by Director DeBaldo to move approval of waiving the compensation due the directors for attendance in the three (3) special meeting of May 13, 2014 and June 17 and 20, 2014. Following extensive discussion, no vote was taken on the Motion and GM Kampa was directed to write a 1st draft of a new policy regarding Board meeting compensation.

STAFF REPORTS:

a. Site Manager: He would like permission from the Board to fill the Maintenance 1 position, which was given.

b. General Manager: He is very excited about this opportunity to serve as General Manager. He feels that everyone is doing a good job.

This is the 1st year that he will be an instructor for the CSDA (California Special Districts Association) Leadership Academy. This is once a year and it will be in conflict with our November Board meeting and he is hoping that the Board will reschedule this meeting. The Board was favorable to such a change and will make a decision as we get closer to the date.

Kampa will be attending the annual CSDA Conference in Palm Springs at the end of September at his own expense.

There is going to be a funding fair he will be attending on October 9, 2014 and invited directors to attend as well. CA Financing Coordination Committee will have State and Federal Agencies available to discuss funding of any projects that we have planned in our community.

DIRECTORS REPORTS:

President Lazarus – He again thanked Directors Russ and Baker, and Directors Robinson and Lazarus for doing such a good job with the Ad-Hoc Committees.

V/President Baker – None

Secretary Robinson – None

Director Russ – None

Director DeBaldo – Will miss next month's meeting.

ADJOURNMENT – Having no further business, President Lazarus adjourned the meeting at 3:23PM. CSD’s next board meeting date is August 19, 2014.

Phyllis Richards, CSD Clerk/Treasurer

Peter Kampa, General Manager

APPROVED BY:

Kent Lazarus, Board President

Scott Baker, V/President

SEAL

Saddle Creek Community Services District

Regular Meeting of August 19, 2014

AGENDA SUPPORTING DATA

7. OLD BUSINESS

- a. Discussion/Action regarding acceptance of the 2013 independent Audit Report prepared by Larry Bain, CPA

Background

An annual audit of the District's financial statements is completed pursuant to the requirements of State law. Larry Bain, CPA was engaged to conduct the audit for the 2013 calendar year, and the draft audit was distributed last month for public review. This agenda item is to receive additional information on the audit, and for its acceptance by the Board. Mr. Bain will be in attendance to discuss the audit and answer questions from the Board and public during this meeting.

During the July 15, 2014 Board meeting, the Board briefly discussed each deficiency listed and expressed the following concerns with the audit as prepared:

1. Internal Controls over Financial Reporting – The Board felt that we have diversified the financial duties to the maximum extent feasible with our small staff. The Board feels as though there are adequate controls in place to have confidence in the accuracy of the financial reports and to avoid embezzlement and other related problems. Board members would like these deficiencies removed from the audit, if possible.
2. Compliance with the Gann Limit – Members of the Board felt as though we were exempt from Gann Limit reporting due to the fact that our Special Tax funding approved in 2001 allows for automatic increases. The need for including the Gann limit in the audit was questioned. It has since been confirmed that we are indeed subject to Gann Limit reporting, but this calculation will in reality have no effect on the amount of our special tax levy or the funding we have available.
3. Classification of staff as exempt – Board members familiar with the operation stated that the Maintenance Supervisor was expected to assume the management and administrative responsibilities of the Site Manager on a regular basis; exercised independent authority and judgment and therefore the exempt classification is justified.

One of the primary duties of the Board is their fiduciary responsibility with regard to District finances. The Board must establish policies and ensure that the procedures and practices of District management provide the highest level of protection of public funds, and that these funds are invested in appropriate activities and means to achieve the level of service desired by the community, through this Board. The only way for the Board to confirm that this is occurring is to receive accurate and timely financial reporting.

In addition to our legal requirement to have an audit conducted, this review of District finances and internal controls serves as an independent, third party look at management and provides the Board and management with information to confirm or raise concern regarding whether there are gaps in our

policies or systems that could, if they were in place, avoid to the maximum extent feasible embezzlement or other fraudulent activity.

None of the deficiencies reported by Mr. Bain negatively affect our financial position, bonding or borrowing capabilities. Simply put, Mr. Bain tests our financial practices using various general and government accounting standards and if we do not meet the standard in his professional opinion, he then is required to report such in the Audit report to the Board. The statement regarding lack of separation of duties is common among all small districts with limited staffing, and I agree we do separate responsibilities very well.

The Board's primary concern should be with whether or not Material Weaknesses exist in our financial systems, as defined in the audit report. In Mr. Bain's Report on Internal Controls Over Financial Reporting beginning on Page 18, he reports that **no** such **material weaknesses** were **discovered** in his review of our financial statements. The Board would have been expected to act swiftly to remedy any material weaknesses, but since none were reported, the comparative deficiencies identified are provided to assist the Board in evaluating financial risk and if determined necessary, future policy development.

I viewed this audit as a positive reflection of the Board and District management, and with some new policies developed, all deficiencies will be addressed by next year's audit. Considering the Board's stated concerns with deficiencies contained within the audit, staff recommends that we file a formal Board response to the Audit. Our response should address the deficiencies reported by Mr. Bain and describe our position in agreement or disagreement, as well as our planned response to address each concern raised. This Audit response will then be presented to the firm conducting the 2014 audit, for their consideration.

Recommended Motion

I move to accept the 2013 Audit Report prepared by Larry Bain and direct staff to prepare an audit response letter on behalf of the Board; that will be approved at the September 2014 Board meeting.

**SADDLE CREEK
COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS
Modified Cash Basis**

DECEMBER 31, 2013

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Table of Contents

Independent Auditor's Report.....	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	3
Statement of Activities.....	4
Fund Financial Statements	
Governmental Funds:	
Balance Sheet.....	5
Reconciliation of the Governmental Funds Balance Sheet to the	
Government-Wide Statement of Net Position – Governmental Activities.....	6
Statement of Revenues, Expenditures and Changes in Fund Balances.....	7
Reconciliation of the Statement of Revenues, Expenditures and Changes	
In Fund Balances of Governmental Funds to the Government-Wide	
Statement of Activities – Governmental Activities.....	8
Notes to the Financial Statements.....	9
Required Supplementary Information:	
Budgetary Comparison Schedule:	
General Fund.....	16
Note to the Required Supplementary Information.....	17
Report On Internal Control over Financial Reporting.....	18

LARRY BAIN, CPA

An Accounting Corporation

2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894
lpbain@sbcglobal.net

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Saddle Creek Community Services District
Copperopolis, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Saddle Creek Community Services District as of and for the year ended December 31, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our Responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. 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 financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the basic financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities and each major fund of the Saddle Creek Community Services District as of December 31, 2013, and the respective changes in financial position-modified cash basis, thereof for the year then ended on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

The Saddle Creek Community Services District has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The required supplementary information other than MD&A, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We have also issued a report dated June 17, 2014 on our consideration of the District's internal control over financial reporting. That report is an integral part of an audit and should be read in conjunction with this report in considering the results of our audit.



Larry Bain, CPA,
An Accounting Corporation
June 17, 2014

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Statement of Net Position
Modified Cash Basis
December 31, 2013

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	\$ <u>639,207</u>
Total current assets	<u>639,207</u>
Capital assets:	
Easements	10,344,000
Equipment	196,072
Buildings	79,000
Infrastructure-Roads	2,360,462
Less: accumulated depreciation	<u>(760,393)</u>
Total Capital Assets-Net	<u>12,219,141</u>
 Total Assets	 \$ <u><u>12,858,348</u></u>
 Net Position	
Net Investment in capital assets	\$ 12,219,141
Unrestricted	<u>639,207</u>
 Total Net Postion	 \$ <u><u>12,858,348</u></u>

The notes to the financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Statement of Activities
Modified Cash Basis
For the Fiscal Year Ended December 31, 2013**

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Total</u>
Governmental Activities:			
Community service	\$ <u>584,587</u>	\$ <u>556,104</u>	\$ <u>(28,483)</u>
Total Governmental Activities	\$ <u><u>584,587</u></u>	\$ <u><u>556,104</u></u>	\$ <u><u>(28,483)</u></u>

General Revenues:	
Investment income	900
Other	<u>17,050</u>
Total general revenues	<u>17,950</u>
Change in net position	(10,533)
Net position - beginning	<u>12,868,881</u>
Net position - ending	\$ <u><u>12,858,348</u></u>

The notes to the financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Balance Sheet
Governmental Funds
Modified Cash Basis
December 31, 2013

	General Fund	Totals Governmental Funds
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 639,207	\$ 639,207
Total Assets	<u>\$ 639,207</u>	<u>\$ 639,207</u>
Fund Balance		
Assigned	\$ 335,173	\$ 335,173
Unassigned	<u>304,034</u>	<u>304,034</u>
Total Fund Balance	<u>\$ 639,207</u>	<u>\$ 639,207</u>

The notes to the financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Reconciliation of the Governmental Funds Balance Sheet,
To The Statement of Net Position
Modified Cash Basis
December 31, 2013**

Fund Balances of Governmental Funds	\$ 639,207
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	<u>12,219,141</u>
Net position of governmental activities	<u>\$ 12,858,348</u>

The notes to the financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Modified Cash Basis
For the Year Ended December 31, 2013**

	General Fund	Total Governmental Funds
	<u> </u>	<u> </u>
Revenues		
Use of money and property	\$ 900	\$ 900
Charges for services-maintenance assessment	556,104	556,104
Other	<u>17,050</u>	<u>17,050</u>
Total Revenues	<u>574,054</u>	<u>574,054</u>
 Expenditures		
Current:		
Community services	522,118	522,118
Debt service		
Principal	3,128	3,128
Capital outlay		
Equipment	<u>11,886</u>	<u>11,886</u>
Total Expenditures	<u>537,132</u>	<u>537,132</u>
Excess of revenues over expenditures	36,922	36,922
Fund Balance, January 1	<u>602,285</u>	<u>602,285</u>
Fund Balance, December 31	<u><u>\$ 639,207</u></u>	<u><u>\$ 639,207</u></u>

The notes to the financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
Modified Cash Basis
December 31, 2013**

Net Change in Fund Balances - Total Governmental Funds	\$ 36,922
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities. The costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:</p>	
Capital Outlay	11,886
Depreciation expense	(62,469)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	<u>3,128</u>
Change in net position of governmental activities	<u><u>\$ (10,533)</u></u>

The notes to the financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements December 31, 2013

Note 1: Summary of Significant Accounting Policies

The Saddle Creek Community Services District was formed on August 18, 1995, by resolution of the Board of Supervisors of Calaveras County and approved by the Local Agency Formation Commission. The purpose of the District is to provide staffing for the privacy guardhouse, wetland maintenance and monitoring, maintenance and improvements of roads, streetlights and landscaping. The District is a separate legal entity of the County of Calaveras and shall operate pursuant to Government Code Section 61600.

The District receives assessments levied upon property located within the District by the County of Calaveras. The District's Board of Directors determines the assessments and the assessments are collected by the tax collector of the County.

The accounting policies of the District are prepared on the modified cash basis of accounting. This basis of accounting is other than generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The District has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America, which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Based on the aforementioned oversight criteria, there are no component units in accordance with the Governmental Accounting Standards Board.

B. Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The following are some of the ways that the modified cash basis of accounting differs from accounting principles generally accepted in the United States of America.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements December 31, 2013

Note 1: Summary of Significant Accounting Policies (continued)

B. Basis of Accounting (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. Property taxes are considered available if they are collected within sixty-days after year-end.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

The Saddle Creek Community Services District recognizes revenues when they are received by the District. The modified cash basis of accounting recognizes all expenditures when they are paid. Accrued assets and liabilities are presented if they are not material to the financial statements.

Consequently, the District has not recognized receivables or accounts payable to vendors and their related effects on earnings in the accompanying financial statements. The District does recognize capital assets and long-term debt in the government-wide financial statements in accordance with GASB 34.

C. Non-Current Governmental Assets/Liabilities

GASB Statement 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net position.

D. Basis of Presentation

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The District's resources are accounted for in these individual funds based on the purposes for which they are to be spent and the means by which spending activity is controlled. For financial reporting, these funds have been grouped into the fund type discussed below.

Governmental Fund Type

Governmental funds are used to account for the District's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is based upon determination of changes in financial position. The following are the District's governmental funds:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements
December 31, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates

F. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as construction of improvements and financing of debt obligations. These amounts are restricted, as their use is limited by applicable bond covenants or other external requirements.

G. Fund Equity

Restrictions of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

H. Property Assessments

The Board of Directors sets fees for the operation of the District, which are collected by the County of Calaveras and remitted to the District. The 2012/2013 fiscal year assessment was as follows:

Improved lots \$982.24 per year

I. Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market value. Capital assets include easements, buildings, roads and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements using mid- year convention, on the straight-line basis over the useful life of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
Buildings	50 years
Building improvements	20 years
Other improvements	35 years
Equipment and machinery	5 to 20 years
Infrastructure	50 years

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Notes to the Financial Statements
December 31, 2013**

Note 2: Cash and Investments

Cash at December 31, 2013 consisted of the following:

General checking	\$	207,453
General savings		125,961
Cash with county		<u>305,793</u>
Total	\$	<u><u>639,207</u></u>

A. Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the **investment types** that are authorized for the Saddle Creek Community Services District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address **interest rate risk, credit risk and concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
Investment pools authorized under CA			
Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-Purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of and investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment maturity:

<u>Investment type</u>	<u>Totals</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-36 Months</u>	<u>37-48 Months</u>
Calaveras County*	\$ 305,793	\$ 305,793	\$ -	\$ -	\$ -
Totals	\$ 305,793	\$ 305,793	\$ -	\$ -	\$ -

* Not subject to categorization

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements December 31, 2013

Note 2: Cash and Investments (continued)

B. Disclosures Relating to Interest Rate Risk (continued)

Investments made by the District are summarized below. The investments that are represented by specific identifiable investment securities are classified as to three levels of custodial credit risk within the following categories:

Category 1 - insured or registered, with securities held by District or its agent in the District's name.

C. Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; The California Government Code requires that a financial institution secured deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

At December 31, 2013, the District's deposits balance, including certificates of deposit, was \$397,115 and the carrying amount was \$333,414. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance, all was covered by the Federal Depository Insurance and none was covered by collateral held in the pledging bank's trust department in the District's name.

E. Investment in Government Pool

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investment in the Calaveras County investment pool at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Notes to the Financial Statements
December 31, 2013**

Note 3: Property Plant and Equipment

Activity for the assets capitalized by the District is summarized below:

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Governmental Activities				
Capital assets, not being depreciated				
Easements	\$ 10,344,000	\$ -	\$ -	\$ 10,344,000
Capital assets, being depreciated				
Equipment	184,186	11,886	-	196,072
Buildings	79,000	-	-	79,000
Roads	2,360,462	-	-	2,360,462
Total capital assets, being depreciated	2,623,648	11,886	-	2,635,534
Less accumulated depreciation for;				
Equipment	(162,047)	(13,680)	-	(175,727)
Buildings	(13,430)	(1,580)	-	(15,010)
Roads	(522,447)	(47,209)	-	(569,656)
Total accumulated depreciation	(697,925)	(62,469)	-	(760,393)
Total capital assets, being depreciated, net	1,925,723	(50,583)	-	1,875,141
Total governmental activities, capital assets, net	\$ 12,269,723	\$ (50,583)	\$ -	\$ 12,219,141

Note 4: Long-Term Debt

The following is a summary of changes in the general long-term debt account group for the year ended December 31, 2013:

	Balance January 1, 2013	Additions	Retirements	Balance December 31, 2013	Due within one year
Governmental Activities					
Capital lease	\$ 3,128	\$ -	\$ 3,128	\$ -	\$ -
Total	\$ 3,128	\$ -	\$ 3,128	\$ -	\$ -

Long-term debt obligations consist of the following:

Capital Lease

The District entered into a lease agreement with John Deere Credit for financing the acquisition of capital equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, was also recorded at the present value of future minimum lease payments as of the inception date in the fixed assets schedule. The original lease amount was \$37,529 beginning April 2009 with monthly payments due in the amount of \$782 through April 2013. The interest rate was 0%. This debt was paid off in the current fiscal year.

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements
December 31, 2013

Note 5: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District purchases commercial insurance to cover the risk of loss. The general liability and the director and officers' liability coverage are limited to \$1,000,000 each. The District pays an annual premium to Special Districts Risk Management Authority for its general liability and workers compensation insurance. The District also has a \$100,000 dishonesty bond to provide protection from potential losses due to embezzlement by employees.

Note 6: Gann Limit

Proceeds subject to GANN Limit for 2013	\$	574,054
GANN limit for 2013		<u>1,136,065</u>
Amount (under)/over limit	\$	<u>(562,011)</u>

Note 7: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 8: Contingent Liabilities

Grants are subject to audit to determine compliance with their requirements. District officials believe that if any refunds are required, they would not have a significant effect on the financial condition or liquidity of the District. The District is unaware of any pending litigation or other contingencies which would have a material effect on the financial condition or liquidity of the District.

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Required Supplementary Information
Budgetary Comparison Schedule-General Fund
Modified Cash Basis
December 31, 2013**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Use of money and property	\$ -	\$ -	\$ 900	\$ 900
Charges for services-property assessments	544,760	544,760	556,104	11,344
Other	-	-	17,050	17,050
	<u>544,760</u>	<u>544,760</u>	<u>574,054</u>	<u>29,295</u>
Total Revenues				
Expenditures				
Salaries and benefits	410,400	410,400	361,667	48,733
Services and supplies	142,592	142,592	160,456	(17,864)
Debt service				
Principal			3,128	(3,128)
Capital outlay	<u>12,700</u>	<u>12,700</u>	<u>11,886</u>	<u>814</u>
Total Expenditures	<u>565,692</u>	<u>565,692</u>	<u>537,137</u>	<u>28,555</u>
Excess of revenues over expenditures	<u>\$ (20,932)</u>	<u>\$ (20,932)</u>	36,918	<u>\$ 57,850</u>
Fund Balance, January 1, 2013			<u>602,285</u>	
Fund Balance, December 31, 2013			<u>\$ 639,203</u>	

The note to the required supplementary information is an integral part of this schedule

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Note to the Required Supplementary Information
December 31, 2013**

Note 1: Budgets and Budgetary Accounting

As required by State law, the District is required to prepare and legally adopt a final operating budget. Public hearings are required to be conducted on the proposed and final budget to review all appropriations and the sources of financing.

The budget for the general fund is required to be adopted on the modified cash basis of accounting. The budget for the general fund is the only legally adopted budgets.

At the object level, actual expenditures cannot exceed budgeted appropriations. Management can transfer budgeted amounts between expenditure accounts within an object without the approval of the Board of Directors. Significant amendments and appropriation transfers between objects or funds must be approved by the Board of Directors. Appropriations lapse at year end.

LARRY BAIN, CPA

An Accounting Corporation

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lpbain@sbcglobal.net

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To: Board of Directors
Saddle Creek Community Services District

We have audited the financial statements of Saddle Creek Community Services District as of and for the fiscal year ended December 2013, and have issued our report thereon dated June 17, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Saddle Creek Community Services District's (District) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 13-1 through 13-6 in the following schedule of findings to be significant deficiencies in the District's internal control:

Saddle Creek Community Services District's Response to Findings

The Saddle Creek Community Services District's separate written response to the significant deficiencies identified in our audit and any follow up for subsequent year corrections has not been subjected to the audit procedures applied in the audit of the financial statements and accordingly, we do not express an opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls over financial reporting and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control. This report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States of America in considering the District's internal control over financial reporting, accordingly this report is not suitable for any other purpose.

This report is intended solely for the information and use of the board of directors, management, Calaveras County Auditor Controllers Office and the Controller's Office of the State of California.

Larry Bain, CPA,
An Accounting Corporation
June 17, 2014



SADDLE CREEK COMMUNITY SERVICES DISTRICT

Findings and Recommendations December 31, 2013

Significant Deficiencies Not Deemed Material Weaknesses

FS 13-1: We noted the District had a lack of segregation of duties, as one person is capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of potential errors or irregularities occurring without being detected; however, due to a limited number of personnel an adequate segregation of duties is not possible without incurring additional costs. We have also noted this comment in previous audits.

FS 13-2 (Follow Up on Prior Year Finding): During our testing of the District's credit card expenses, we noted several charges where the business purpose of the expense was not indicated on the invoice or receipt. From reviewing the supporting documentation we were unable to determine the business purpose of the purchase.

Current Year Follow Up: We noted that some credit card charges did not have supporting documentation.

We recommend that all charges to the District credit cards be supported by invoices and/or receipts which indicate the authorized business purpose of the transaction. We recommend the District board carefully scrutinize all credit card charges and question unusual activity.

FS 13-3: During our testing of payroll, we noted the District was paying into Federal Unemployment Tax (FUTA). Governmental agencies are not subject to FUTA. We also noted there was no supervisor signature on the Maintenance Manager timecard.

Recommendation: We recommend the District review the FUTA payments. If it is determined that no additional benefit is received by paying into FUTA the District should seek reimbursement of the amount paid. We also recommend that all employee timecards be authorized by a supervisor or manager.

FS 13-4: During our testing of payroll we noted the maintenance supervisor is being treated as an exempt employee under FLSA standards. Based on our review this employee does not appear to qualify under this classification.

Recommendation: We recommend the District management or District legal counsel review this position and determine if the maintenance supervisor currently being treated as an exempt employee is eligible to be an exempt employee under FLSA rules.

FS 13-5: During our testing we noted several meal purchases exceeded the allowable cost listed in the District's reimbursement policy. The allowable cost for meals includes the tax and tip and is \$10 for Breakfast, \$15 for Lunch and \$25 for Dinner per qualifying District employee.

Recommendation: We recommend that all District employees adhere to the guidelines of the meal policy.

FS 13-6: During our audit we noted the District's policy was to follow Publication 1542 for allowable maximum lodging rates. After review we noted the allowable lodging rate for Sacramento was \$99 per night. We noted several instances where the maximum allowable rate was exceeded.

Recommendation: As outlined in the District's policy employees should adhere to the rates set in Publication 1542. Many government agencies also request the transient occupancy tax (T.O.T.) and assessment fees be waived when staying at hotels. We recommend the District adopt this practice and submit documentation to hotels for the T.O.T waiver prior to the hotel stay.

We also recommend the District accountant or employee who reserves the lodging have a list of maximum room rates authorized by the Board when making the reservation. If the room rate exceeds the maximum rate allowed under the District policy then the Board should review the reason for exceeding the rate and approve exceeding the room rate, on a case by case basis.

Saddle Creek Community Services District

Regular Meeting of August 19, 2014

AGENDA SUPPORTING DATA

7. OLD BUSINESS

- b. Update report by District staff of the Impact of Drought and Mandatory Water Conservation on District Operations

Background

District staff has done a fantastic job working with the water supply being made available to us due to the drought and mandatory water delivery restrictions placed on CCWD by the state. Of great benefit to our services has been the positive working relationship with both Castle & Cook, and the golf course. Working within these water restrictions and meeting the expectations of our community can be tense at times, but overall there has been a thorough understanding and respect among the parties of the needs and interests of all.

As a matter of information, CCWD delivers water to our community under a state permitted appropriate water right. In June, the state for the first time in history issued a demand to permitted water rights holders to cease all unnecessary diversions from surface waters. CCWD had a week to respond regarding how this was to be accomplished, which they did. Their response resulted in a cutback of 35% in water deliveries to the golf course, which in turn affected our water deliveries the same. I have determined that water deliveries to our wetlands is not optional and in fact is required for compliance with the various state and federal permits under which we operate.

The state mandate did not instruct CCWD on how to deal specifically with the cutbacks; that decision was left to CCWD's management and Board. In conversations with colleagues at the State Water Board, they offered to issue assurance to CCWD that no action would be taken against them for delivering the water needed, as determined by our staff for our permit compliance. The state is primarily concerned with unlawful waste and unreasonable use of water, and does not intend to strictly enforce actions against districts such as CCWD, if they do not meet their water conservation goals or mandates. This should provide CCWD and our community partners with a level of relief regarding operations over the next month or so. We are prepared to raise this issue with the CCWD management or Board if necessary to ensure that our community is not unnecessarily damaged.

Recommendation

For discussion only

Saddle Creek Community Services District

Regular Meeting of August 19, 2014

AGENDA SUPPORTING DATA

7. OLD BUSINESS

- c. Approval of a Resolution amending and adopting the District's Conflict of Interest Code pursuant to California Government Code Section 83700 et seq

Background

We have received notification from Calaveras County that we are required to consider whether or not updates to our Conflict of Interest Code is required. At the July 15, 2014 Board meeting, you were provided a copy of our current 16 page Code, as it was originally adopted in 1996.

As directed, staff has developed and included with this agenda a draft revised Conflict of Interest Code for your consideration. In preparation of this revised Code, the policies of many Districts throughout the state were reviewed. The County of Santa Clara issued to its special districts a guidance document, attached, which describes the necessary Code content and recommended form policy to be adopted by its agencies. This guidance recommends the adoption of a policy that incorporates by reference the provisions of Fair Political Practices Commission (FPPC) Regulation 18730 in the text of the policy, rather than listing all of the complex provisions of this law in the adopted policy text.

Further, with our policy adopting FPPC 18370 by reference, when this law is amended over time, our policy remains legally consistent and does not require frequent modification.

In the draft policy, all directors and all consultants are required to file Form 700, Conflict of Interest Statements with the District, who will in turn file the original with the County Clerk. The policy contains a relatively detailed description of the work performed for the District by consultants that would require them to file Form 700s. For our District currently, the General Manager, Bookkeeper and all Board Members are required to file Form 700s within 1 month of election or appointment, annually and within one month of leaving office.

Following approval by our Board, the Policy/Code will be transmitted to the County for their approval and filing.

Recommended Motion

I move to approve Resolution ____, 2014, amending and adopting the District's Conflict of Interest Code pursuant to California Government Code Section 83700 et seq.

RESOLUTION ___, 2014

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SADDLE CREEK
COMMUNITY SERVICES DISTRICT AMENDING THE DISTRICT'S CONFLICT OF
INTEREST CODE PURSUANT TO THE POLITICAL REFORM ACT OF 1974**

WHEREAS, the Legislature of the State of California has enacted the Political Reform act of 1974, Government Code Section 81000 et. Seq. (Act), which requires all public agencies, including but not limited to the Saddle Creek Community Services District (District) to adopt and keep updated a conflict of interest code; and

WHEREAS, the District has a Conflict of Interest Code which has been reviewed on a biennial basis and was last amended December 16, 1996 and which now requires updating; and

WHEREAS, the regulations implementing the Act provide that the District may adopt the terms of 2 Cal. Code of Regulations Section 18730 in order to adopt a conflict of interest code which will be self-updating as the regulations are updated; and

WHEREAS, at the same time as the District adopts Section 18730, the District must also update and adopt a designation of employees covered by the conflict of interest code and the disclosure categories for each employee as set out in Appendix A to this Policy adopting Section 18730 by reference; and

WHEREAS, such designation and disclosures for each designated employee and Consultant are set out in the Appendix to this Policy; and

WHEREAS, the designated employees shall file forms with the District's Board Secretary, who shall maintain a file copy in the District office and forward the original to the Calaveras County Clerk of the Board; and

WHEREAS, the potential penalties for violation of the provisions of the Act are substantial and may include criminal and civil liability, as well as equitable relief which could result in the District being restrained or prevented from acting in cases where the provisions of the Act may have been violated; and

WHEREAS, notice of the time and place of the District Board meeting and of consideration by the Board of the proposed amended Conflict of Interest Code has been provided to each designated employee and publicly posted for review on the District website, in the District office and in the customary agenda packet distribution location.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the District does hereby amend and adopt the Conflict of Interest Code as presented.

BE IT FURTHER RESOLVED that the said amended Conflict of Interest Code shall become effective on September 1, 2014 and that the Board Secretary shall provide a copy of such Code to the Calaveras County Clerk of the Board of Supervisors, the code reviewing body.

PASSED AND ADOPTED by the Board of Directors of the Saddle Creek Community Services District on August 19, 2014 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Kent Lazarus, President

Board of Directors

Phyllis Richards, Board Secretary

SADDLE CREEK COMMUNITY SERVICES DISTRICT
Policy and Procedure Manual

POLICY TITLE: Conflict of Interest Code
POLICY NUMBER: 1020
ADOPTED:
AMENDED:

1020. The Political Reform Act (Government Code section 8100, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations section 18730) which contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearings it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act.

Therefore, the terms of 2 California Code of Regulations section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the text here designating officials and establishing disclosure categories, shall constitute the conflict of interest code of the Saddle Creek Community Services District.

1020.1. The full text of Section 18730, together with any amendments thereto, may be found at: <http://www.fopc.ca.gov/legal/regs/current/18730.pdf>.

1020.2. Designated positions shall file statements of economic interest with the agency. Upon receipt of the statements, the agency shall make and retain a copy and forward the original of this statement to the Tuolumne County Clerk of the Board of Supervisors. Statements of Economic Interest are public records available for public inspection.

1020.3. DESIGNATED POSITIONS: The designated positions listed below are required to file Form 700 Statements of Economic Interest disclosing certain personal financial interests. These positions are required to file the applicable individual schedules reporting investments, business positions, and sources of income located in or doing business in the agency's jurisdiction and interests in real property located in the agency's jurisdiction.

Designated Positions	Disclosure Category
Member, Board of Directors	1
Consultants	2

1020.4. DISCLOSURE CATEGORIES:

1020.4.1. Disclosure Category 1: Persons in this category shall disclose all interests in real property, as well as investments, business positions and sources of income, including gifts, loans and travel payments.

1020.4.2. Disclosure Category 2: Consultants shall disclose pursuant to the broadest disclosure category in the conflict of interest code subject to the following limitation: The District may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements of the broadest disclosure category, but instead must comply with more tailored disclosure requirements specific to that consultant. Such a determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. All such determinations are public records and shall be retained for public inspection along with this conflict of interest code.

1020.5. For purposes of Category 2, a "consultant" is an individual who, pursuant to a contract with a state or local government agency, makes a governmental decision whether to:

1020.5.1. Approve a rate, rule, or regulation;

1020.5.2. Adopt or enforce a law;

1020.5.3. Issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order, or similar authorization or entitlement;

1020.5.4. Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract that requires agency approval;

1020.5.5. Grant agency approval to a contract that requires agency approval and to which the agency is a party, or to the specifications for such a contract;

1020.5.6. Grant agency approval to a plan, design, report, study, or similar item;

1020.5.7. Adopt, or grant agency approval of, policies, standards, or guidelines for the agency, or for any subdivision thereof; or

1020.5.8. A consultant is also an individual who, pursuant to a contract with the district, serves in a staff capacity with the district and in that capacity participates in making a governmental decision as defined in regulation 18702.2 or performs the same or substantially all the same duties for the district that would otherwise be performed by an individual holding a position specified in the district's Conflict of Interest Code under Government Code section 87302.

County of Santa Clara

Eight Questions to Ask for the 2014 Biennial Review of Your agency's Conflict of Interest Code

Background Reference

- Your agency's conflict of interest code ("code") consists of 3 parts:
 - Text of the Code (incorporation of Regulation 18730).
 - List of Designated Positions, with Each Position Assigned to One Disclosure Category
 - List of Disclosure Categories

- Whenever your agency updates its conflict of interest code, it **must** send the updated code to the Santa Clara County Office of the County Counsel for Board of Supervisors' approval. The Government Code specifies that a local agency's code update is **not** effective until approved by the code-reviewing body, which is the County Board of Supervisors for your agency. If your agency has updated its code but did not send it to the Office of the County Counsel for Board of Supervisors' approval, the revisions are **not** effective by law.

- For responding to the questions listed below, you must use the code version last approved by the County Board of Supervisors. A copy of your agency's last Board of Supervisors-approved code (County-approved code) was included in the packet of materials sent to your agency.

Some Important Things to Remember

- The Fair Political Practices Commission (FPPC), the state agency that enforces the Political Reform Act, recommends that agencies incorporate FPPC Regulation 18730 by reference for the text of the agency's code because the type of information required to be in the main body of the code is quite complex and Regulation 18730 contains all of these provisions. The FPPC amends the regulation to include legislative and regulatory changes; therefore, by incorporating the Regulation, this component of an agency's code is automatically in compliance.

- The code may also include a link to the text of Regulation 18730 on the FPPC's website. However, the code should **not** include the full text of Regulation 18730, either as part of the code or as an attachment. Because Regulation 18730 is updated by the FPPC regularly, any text included or attached to an agency's code will become out-of-date. On the other hand, a link will connect to the most current version of Regulation 18730 and remain current.

- In addition to incorporating Regulation 18730, the text of each agency's code must provide information on where statements are to be filed – i.e., with the Filing Official of the agency.

- The text of each agency's code must also make it clear that Statements of Economic Interests are public records subject to the disclosure requirements of Government Code section 81008.

- Each agency's code must have a list of designated positions. As part of the biennial review, each agency is expected to review its list of designated positions for any updates needed. This review process should include reviewing current organizational charts and current job duty statements to determine which positions need to be designated and which do not. Each

agency is responsible for ensuring that it adequately differentiates between designated employees with different powers and responsibilities. (1) High level positions that have authority to vote on a matter, appoint a person, obligate or commit his or her agency to a course of action, or enter into any contractual agreement on behalf of his or her agency, (2) mid-level positions that have authority to negotiate decisions on behalf of the agency without significant substantive review, and (3) positions that advise or make recommendations to the decision-maker by conducting research or an investigation, preparing or presenting a report, analysis or opinion that requires the exercise of judgment on the part of the employee and the employee is attempting to influence the decision, should all be designated in the conflict-of-interest code. Positions that are strictly manual, clerical, or ministerial in nature should not be designated in the conflict-of-interest code.

- Each designated position must only be assigned to one disclosure category.
- Each designated position must be listed in singular form (no matter how many individuals may hold that position title).
 - *Example:* Board Member, not Board Members
 - *Example:* Principal, not Principals
- Each designated position should be listed separately, as it is used by the individual(s) in the position.
 - For example, if your agency has both “member” and “alternate member”, these should be listed as *separate* designated positions on separate lines in your list of designated positions.
- *For school districts:* many school districts follow the CSBA template for their conflict of interest code. Please note that the list of designated positions in the CSBA template are just examples and should not be used to supersede your district’s list of designated positions in your last County-approved code. The list of designated positions in your district’s last County-approved code should reflect the actual position titles of your district and meet the above requirements regarding singular form and listing of separate position titles. Additionally, school districts will need to modify the CSBA template, as necessary, to conform to the rules outlined here.
- Each disclosure category must specify which economic interests (investments, income (including gifts, loans, and travel payments), business positions, and interests in real property) and what sources of those interests must be disclosed.
- Every agency’s code must have “consultant” as a designated position, assigned to a disclosure category that specifies the regulatory rule regarding consultants’ disclosure. This must be listed even if your agency currently does not have any consultants.
- Every agency’s code must have a section describing the disclosure requirements and process for handling “newly created positions” that are pending addition to the agency’s conflict of interest code.

If your agency’s code update does not meet these requirements, the County may request edits before your agency’s code amendment can be submitted for code-reviewing body approval.

Eight Questions to Ask for the 2014 Conflict of Interest Code Review:

1. Has the Office of the County Counsel identified any amendments required to your last County-approved code in the biennial review message sent to your agency?

A. If the answer is yes, these updates must be included as part of your agency's 2014 code update.

2. Does your agency need to update any of the text portion (any text outside the list of designated positions and disclosure categories) of your agency's code since your agency's last County-approved code?

A. If the answer is yes, the text revision must be included as part of your agency's 2014 code update.

3. Has your agency created any new positions or identified any existing positions, since your agency's last County-approved code, that make or participate in the making of governmental decisions that may foreseeably have a material effect on a position holder's financial interests? For example, have the job duties of a position changed to the extent that the position was not previously designated, but now should be designated?

A. If the answer is yes, and those positions are not included in the list of designated positions in your agency's last County-approved code, those positions must be added to the list of designated positions in your agency's 2014 code update.

Note: It does not matter if a position is currently vacant. If the position title exists in your agency structure and should be designated, the position title must be reflected in the list of designated positions in your agency's code.

As a reminder, the following positions should be designated:

- Positions that have authority to vote on a matter, appoint a person, obligate or commit the agency to a course of action, or enter into any contractual agreement on behalf of the agency.
- Positions that have authority to negotiate decisions on behalf of the agency, without significant substantive review.
- Positions that advise or make recommendations to the decision-maker by conducting research or an investigation, preparing or presenting a report, analysis or opinion that requires the exercise of judgment on the part of the position-holder and the position-holder is attempting to influence the decision. If a superior relies on an individual's professional judgment, then the individual is participating in making a governmental decision. In other words, if the individual influences the final decision by supporting a position or suggesting a course of action, he/she is participating in the decision even if he/she is not making the final decision.

Note: Positions that manage public investments, as defined in 2 Cal. Code Regs § 18701(b), are required to file pursuant to the disclosure requirements specified in Gov. Code § 87200. These positions should not be included in the list of designated positions

in your agency's code, but should instead be listed under a separate section of your code titled, "Government Code § 87200 Filers." This only applies to positions that meet the narrow definition as listed in the law; you should consult your agency's counsel if you have questions as to whether any positions meet this definition.

4. Has your agency abolished any positions that are currently listed under the list of designated positions on your agency's last County-approved code?

- A. If the answer is yes, those abolished positions must be removed from the list of designated positions in your agency's 2014 code update.

Note: This does not mean the position is vacant; this means the position no longer exists in your agency structure. Even if a position is currently vacant, if the position title exists in your agency and it should be designated, it must be listed in the list of designated positions in your agency's code.

5. Has your agency identified any designated positions on your agency's last County-approved code that should not be designated because they do not meet the definition of making or participating in making governmental decisions, as discussed above?

- A. If the answer is yes, those positions should be removed from the list of designated positions in your agency's 2014 code update.

Note: This does not mean the position is vacant; if the position title exists in your agency and it should be designated, it must be listed in the list of designated positions.

6. Has your agency revised the title of any positions that are currently listed under the list of designated positions on your agency's last County-approved code?

- A. If the answer is yes, those position titles must be revised in the list of designated positions in your agency's 2014 code update.

7. Does your agency need to add a disclosure category or revise any of its existing disclosure categories, as listed on your agency's last County-approved code, to accurately capture the disclosure obligations of your designated positions?

- A. If the answer is yes, the disclosure category revisions must be reflected in your agency's 2014 code update.

Note: Each disclosure category must specify which economic interests (investments, income (including gifts, loans, and travel payments), business positions, and interests in real property) and what sources of those interests must be disclosed.

8. Does any designated position need to be assigned to a different disclosure category instead of the one it is currently assigned to on your agency's last County-approved code?

- A. If the answer is yes, the assigned disclosure category for the designated position must be revised in your agency's 2014 code update.

Note: Remember, each position can only be assigned to one disclosure category. Each designated position should be assigned to a disclosure category that requires disclosure of economic interests and the sources of those interests that relate to the position's job duties. Overbroad disclosure should be avoided.

If you answered “yes” to ANY of the questions above:

If you answered yes to any of the questions above, the law provides that you must update your agency's code in 2014. Please follow the below steps and timelines:

1. Complete the 2014 Biennial Notice Form, indicating “an amendment is required” for your agency's code this year, mark the applicable checkboxes, sign and submit to Kim Forrester in the Office of the County Counsel by **September 1, 2014**.
2. Prepare an amended code and complete the “List of Amendments to Code Since Last County-Approved Code.”
3. **Prior to agendizing the code amendment for your agency board's approval**, email the proposed amended code and “List of Amendments” to Kim Forrester (kim.forrester@cco.sccgov.org) in the Office of the County Counsel for preliminary review. Please allow up to 2 weeks for turnaround time of the preliminary review. This preliminary review is required to avoid any edits needed after your agency has already taken it to your agency board for approval.

If the Office of the County Counsel notes that edits are needed, we will advise you to make those edits before you take the code amendment to your agency board. This saves your agency time.

4. Following County Counsel's preliminary review and response to your agency, make any necessary edits and then submit the amended code to your agency board for approval.
5. Once your agency board has approved the amended code, submit the amended code with date of your agency board's approval, and final “List of Amendments” to Kim Forrester (kim.forrester@cco.sccgov.org) in the Office of the County Counsel by **November 30, 2014**. The Office of the County Counsel will then submit the code to the County Board of Supervisors for code-reviewing body approval. Your code amendment is not effective by law until approved by the County Board of Supervisors.
6. Your agency's Form 700 Filing Official will receive instructions on how to input the biennial updates into eDisclosure – e.g., adding new position titles, removing position titles, and indicating position title changes.

If you answered “no” to ALL of the questions above:

Complete the 2014 Biennial Notice Form, indicating that “no amendment is required” to your agency's code, sign and submit to Kim Forrester in the Office of the County Counsel by **September 1, 2014**. A Biennial Notice Form must be submitted even if your agency determines that no amendments are required.

Saddle Creek Community Services District

Regular Meeting of August 19, 2014

AGENDA SUPPORTING DATA

8. NEW BUSINESS

- a. Discussion/Action regarding participation in the Tuolumne-Stanislaus Integrated Regional Water Management Plan, Watershed Advisory Committee and Joint Powers Authority

Background

The Tuolumne-Stanislaus Integrated Regional Water Management Plan, or IRWMP is a very comprehensive planning document prepared by and for the benefit of local water resource management interests. The purpose of the plan is to establish a local/regional process by which water resources conflicts are identified and resolved, and water, wastewater and environmental projects are strategically integrated together to address a broad community of resource interests.

The IRWMP also contains a structure and process for prioritizing projects that benefit the water resources of the region. Due to the fact that by its very nature, the IRWMP process resolves local water resources conflict and represents broadly supported projects, the state is beginning more and more to use the IRWMP as the vehicle to award grants for projects that affect water resources. For example, the most recent water bond, Proposition 84 (2002), had \$1 Billion for IRWMP projects and the water bond on the November 2014 ballot contains an additional \$810 million specifically for IRWMP projects. Adoption of the regional IRWMP is necessary for our participation in the group and to access grant funds.

As an agency that manages both water resources, environmental mitigation, wetlands management, as well as roads and storm drains which can contribute to localized flooding and water quality impacts, we are a logical participant in the an IRWMP. The boundaries of the Tuolumne-Stanislaus Region contain our district. The IRWMP is made up of a Joint Powers Authority (JPA) which is the ultimate decisionmaking authority, and a Watershed Advisory Committee (WAC) through which all JPA actions and decisions flow. The WAC makes recommendations to the JPA Board for approval. We can participate in the WAC, the JPA or both. The cost, advantages and disadvantages of each are discussed below:

1. Participate on the Watershed Advisory Committee only – Cost \$100. This would allow us to participate in the detailed planning discussions including proposing our projects for integration or as standalone projects. Participation in the WAC requires approval by our Board and delegation of an individual and an alternate to attend monthly meetings in Sonora; three hours each. The advantage is the ability to influence decisions and low cost. The disadvantage is without a seat on the JPA, we do not have a final vote in the approval of decisions.
2. Participation in the JPA – Cost to join in October = \$8000 and in December = \$5300. The advantage is being able to vote on our projects and others, and the disadvantage is cost.

3. Participation on both the JPA and WAC – Cost \$8100/\$5400. It is recommended that if the Board finds participation in the JPA desirable, participation in the WAC is even more important to ensure our interests are adequately represented.

More information about IRWMP in general can be found on the state's website at <http://www.water.ca.gov/irwm/grants/> . Specific information and the actual IRWMP plan adopted in 2012 is contained on the following site: http://www.tcrecd.org/index.php?option=com_content&view=article&id=183&Itemid=114 .

Also included in this agenda packet is an overview brochure on IRWMP and a description of the process required to join the Tuolumne Stanislaus IRWMP.

Recommended Motion

I move to approve participation of the Saddle Creek Community Services District in the Tuolumne-Stanislaus Integrated Regional Water Management Plan, Watershed Advisory Committee, appointing General Manager Peter Kampa as representative and _____ as alternate, and continuing to evaluate the opportunities for participation on the IRWMP JPA Board of Directors.

Frequently Asked Questions

How is IRWM different than what came before?

In general, IRWM involves looking at water management issues from a multitude of perspectives as diverse stakeholders engage one another. That process can yield multi-benefit projects that meet several entities' goals and objectives in a more cost effective manner than each entity acting on its own. Previously, water management entities tended to work with a narrow focus on their service area and primary function, sometimes competing against similar efforts to resolve similar issues or advancing duplicative efforts.

Why is IRWM important to me? Why should I participate?

IRWM operates on the principle that each stakeholder holds a piece of the water management solution for their region and that the best solutions require better communication and understanding of regional issues than has previously occurred. The more partners involved in an IRWM, the higher the potential for better water management solutions.

In addition to the IRWM grant, are there other sources to fund a project?

Yes, while recent State bond funding measures have provided a large amount of grant funding specifically for IRWM plans and implementation, there are other opportunities for projects. Various state grant and loan programs, administered by DWR and other state agencies, can provide funding, including: FloodSAFE, urban streams, local groundwater assistance, stormwater quality, rivers and parkways, and state revolving fund loans. Federal funding may also be available for some types of projects. Local financing will make up the largest portion of funding in many regions. The IRWM plan should serve as a strategic investment plan for all sources of funding.



What's the current state of IRWM planning?

IRWM planning regions now cover approximately 82% of the area of the State, an increase of 28% in five years. Planning regions include approximately 98% of the population in California, an increase of 4% in five years. IRWM planning regions vary in size. Some cover an entire hydrologic region of the State. In other hydrologic regions there are multiple IRWM planning regions. The largest IRWM planning region is approximately 12.5 M acres and the smallest about 170,000 acres. The enclosed map presents the current IRWM planning regions in the State.

What is the relationship between local planning and IRWM planning?

Local planning is important and will continue as not all water resource management issues are regional in nature. In fact, sound local planning helps generate regional issues and objectives that can benefit from integrated solutions.

What do people involved in IRWM planning regions say?

Opinions about IRWM vary, but there is broad agreement on some of the factors that lead to successful implementation of the IRWM.

- ◆ IRWM efforts are long term.
- ◆ IRWM efforts yield unprecedented coordination and cooperation.
- ◆ One of the most valuable outcomes of IRWM efforts are the relationships formed between diverse stakeholders.

How does someone get involved?

DWR's web site contains contact information for current IRWM efforts (see resources section). If an IRWM effort does not currently exist in your area, you can begin to identify other water management entities in your area to begin the conversation or you can contact one of DWR's regional contacts to begin to connect to others in your area. ☞

Benefits of IRWM

As indicated in the CWP Update 2009, IRWM is a key initiative to ensuring reliable water supplies in the future. IRWM helps communities and regions incorporate sustainable actions into their water management efforts.

A main focus of IRWM planning is diversification of a region's water portfolio so that multiple resource management strategies are employed in meeting future water and water quality needs of all sectors. This diversification should help regions to better prepare to face an uncertain future of water availability and water use; while protecting and improving water quality and the environment.

As a key initiative in the CWP, IRWM is a long term approach to water management in California. As IRWM evolves, DWR seeks to encourage planning efforts that are collaborative and use broad stakeholder participation to gain the input that leads to diversity of water management strategies. Such planning efforts can live well into the future beyond current state funding incentives. ☞



Contacts

For more information on Integrated Regional Water Management, please contact us at:

DWR_IRWM@water.ca.gov

Integrated Regional Water Management

What is IRWM?

Integrated Regional Water Management (IRWM) is a collaborative effort to manage all aspects of water resources in a region. IRWM differs from traditional approaches to water resource management by integrating all facets of water supply, water quality, waste water treatment, and flood and storm water management.

IRWM crosses jurisdictional, watershed, and political boundaries; involves multiple agencies, stakeholders, individuals, and groups; and attempts to address the issues and differing perspectives

of all the entities involved through mutually beneficial solutions.

IRWM is an example of integrated resource planning, which began in the late 1980s in the electric power industry as a comprehensive approach to resource management and planning. When applied to water management, integrated resource planning is a systems approach that explores the cause-and-effect relationships between different aspects of water resource management, with an understanding that changes in the management of one aspect of water re-

sources can affect others. Because water resources are often not confined to the boundaries of a single water management agency, a consensus-based, cross-jurisdictional, regional approach provides an opportunity to formulate comprehensive solutions to water resource issues within a region.

The methods used in the IRWM include a range of water resource management strategies, which relate to water supply, water quality, water use efficiency, operational flexibility, and stewardship of land and natural resources. ☞

Background

Although IRWM planning has roots in integrated resource planning, recent developments have caused a surge in IRWM activity in California.

The Integrated Regional Water Management Act of 2002 (Senate Bill 1672, Costa) amended the California Water Code (CWC) to add §10530 to encourage local agencies to work cooperatively to manage local and imported water supplies to improve the quality, quantity, and reliability of those supplies. While this act provided the authority for IRWM plans, it gave little guidance or incentive for IRWM planning or implementation.

In November 2002, California voters passed Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002, which provided \$500,000,000 (CWC §79560-79565) to fund competitive grants for projects consistent with an adopted IRWM plan. The grant program was run as a joint effort between the Department of Water Resources (DWR) and the State Water Resources Control Board to provide both planning and implementation grants to IRWM efforts.

The incentive provided by this funding, as well as the direction provided in grant program guidelines, were major drivers for progress in IRWM over the last several years.

In December 2005, DWR released the California Water Plan (CWP) Update, 2005, which names the IRWM as a key initiative to ensure reliable water supplies.

In November 2006, California voters passed Proposition 84, the Safe Drinking Water, Water Quality, and Supply, Flood Control, River and Coastal Protection Bond Act of 2006. Proposition 84 provides \$1,000,000,000 for IRWM planning and implementation. At the same time, California voters also passed Proposition 1E, the Disaster Preparedness and Flood Prevention Bond Act of 2006, which provides, among other actions, \$300,000,000 for storm water projects that reduce flood damage and are consistent with an IRWM plan.

In October 2009, DWR released the CWP Pre-Final Draft, Update 2009, which emphasizes the need for integrated regional water management. As stated in the Highlights volume, "IRWM provides a critical framework for actions to address the un-



certainties presented by climate change as well as other risks to California's water future." The first objective in the implementation chapter (Volume 1, Chapter 7) is to promote, improve, and expand integrated regional water management. ☞

Integrated Regional Water Management 48 Accepted IRWM Regions September 1, 2011



Legend

Pros B4 Funding Area Regions	(15) Kern County	(33) Southern Sierra
Select Water Bodies	(16) Madera	(34) Tahoe-Sierra
County Boundaries	(17) Merced	(35) Tule*
(1) American River Basin	(18) Mojave	(36) Tuolumne-Stanislus
(2) Antelope Valley	(19) Mokelumne/Amador/Calaveras	(37) Upper Feather River Watershed
(3) Anza Borrego Desert	(20) Monterey Peninsula, Carmel Bay, So. Monterey Bay	(38) Upper Kings Basin Water Forum
(4) Yosemite - Mariposa	(21) North Coast	(39) Upper Pit River Watershed
(5) Coachella Valley	(22) North Sacramento Valley Group	(40) Upper Sacramento-McCloud
(6) Cosumnes American Bear Yuoa	(23) Pajaro River Watershed	(41) Upper Santa Clara River
(7) East Contra Costa County	(24) Poso Creek	(42) Upper Santa Margarita
(8) Eastern San Joaquin	(25) San Diego	(43) Watersheds Coalition of Ventura County
(9) Gateway Region	(26) San Francisco Bay Area	(44) Westside - San Joaquin
(10) Greater Los Angeles County	(27) San Luis Obispo	(45) Westside (Yuba, Solano, Napa, Lake, Colusa)
(11) Greater Monterey County	(28) Santa Ana Watershed Project Authority	(46) Yuba County
(12) Imperial	(29) Santa Barbara Countywide	(47) East Stanislaus
(13) Inyo-Mono	(30) Santa Cruz County	(48) Fremont Basin
(14) Kaweah River Basin*	(31) So. Orange County Watershed Management Area	(49) Lahontan Basins
	(32) So. Orange County Watershed Management Area	

Notes:
 1) Hatch and Dot symbols are shown where there is a boundary overlap
 2) Numbers shown are for reference purposes only and correspond to internal DWR RAP submittal identifications.
 3) Region boundaries shown are those submitted by each applicant as part of the RAP submittal.
 - RAP 2009 = ID Numbers 1 - 46
 - RAP 2011 = ID Numbers 47 - 49
 * Denotes Region is conditionally approved
 ID No. 25 (Sacramento Valley) is no longer participating in the IRWM Grant Program and is no longer shown.



Resources

California Water Plan and Updates: <http://www.waterplan.water.ca.gov/>

IRWM Grant Program: <http://www.water.ca.gov/irwm/>

FloodSAFE: <http://www.floodsafe.water.ca.gov/>

Other DWR Grant programs: <http://www.water.ca.gov/nav/nav.cfm?loc=t&id=103>

State Water Board Financial Assistance: http://www.waterboards.ca.gov/water_issues/programs/grants_loans

Region Acceptance Process

In 2009, DWR went through a Region Acceptance Process (RAP) to accept regions into the IRWM Grant Program. Forty six regions submitted applications, and after a thorough review and interview process, DWR approved 36 regions, and conditionally approved 10 other regions. The map above shows those regions that have been approved or conditionally approved by DWR. The DWR IRWM web site contains more specific information on the RAP. ☞



Protocol for Joining the Tuolumne-Stanislaus Joint Powers Authority Board of Directors

Purpose: This protocol is designed to provide a basic roadmap for an interested public agency, other joint powers organization, or federally recognized tribe to follow in pursuing an interest in joining the TS-JPA.

- I. **Qualification:** An interested party must represent an entity that qualifies to become a member of a CA Joint Powers Authority according to the standards listed in Joint Exercise of Powers Act (SB 1350, Senate Local Government Committee, 2000) and can be found in Government Code 6500-6536 (<http://www.leginfo.ca.gov/cgi-bin/displaycode?section=gov&group=06001-07000&file=6500-6536>). The interested party must represent a qualified entity within the T-S IRWM region and have a well-defined connection to the watersheds within the T-S region and demonstrate that it has common powers with the T-S JPA.
- II. **Declaration of Intent:** Next, a qualified interested party must contact the T-S staff and request to be placed on the T-S JPA Board agenda to address the board regarding the qualifications and interests of the entity represented. The board must pass a motion deeming the qualifications and intent sufficient for membership and directing staff to provide the necessary information to complete the process.
- III. **Resolution Adopting the T-S Integrated Regional Water Management Plan:** If the entity is governed by a board, a resolution accepting the T-S IRWM must be submitted to the T-S Administrator. If there is no board, a sample of an alternative form of acceptance will be provided by T-S staff.
- IV. **Signing of the T-S IRWMA Agreement and Board Member Designation:** The entity must request from T-S staff a copy of the JPA agreement. This agreement should be reviewed by the applying entity's legal counsel. A wet signature page must be submitted to T-S staff. Staff will also supply the form required for board member designation. This form must also be submitted to T-S staff.
- V. **Financial Contribution:** The T-S IRWM process is funded through a local budget. The cost of the local budget is split equally among the members of the JPA Board. If the addition of a new member coincides with the start of a new fiscal year, all members' contributions to the local budget will be adjusted accordingly. If an entity desires to join the JPA during the course of a fiscal year, the local budget contribution will be assessed based on a pro-rata share of the current fiscal year, per member cost, determined by which quarter within the fiscal year the entity signs the JPA Agreement. In the latter case, all members' contributions will be readjusted at the beginning of the next fiscal year. A pro-rata invoice will be submitted upon passing of the board resolution and will be payable within thirty (30) days of submittal. Complete fiscal year invoicing will follow the regular member invoicing schedule.
- VI. **Board Resolution:** Upon receipt of all of the required documentation, the T-S JPA Board will pass a resolution formally naming the new entity as a member of the T-S JPA Board.

Saddle Creek Community Services District

Regular Meeting of August 19, 2014

AGENDA SUPPORTING DATA

8. NEW BUSINESS

- b. Approval of a Resolution authorizing execution of an agreement with Bank of the West for participation in the California Special Districts Association credit card program

Background

This item will approve a Resolution to authorize entering into an agreement between Bank of the West and the Saddle Creek Community Services District (District) establishing accounts for District credit cards. Included for your information is a draft credit card agreement including the terms and conditions, a FAQ sheet, and program description.

Credit cards are a purchasing mechanism which improves the efficiency and convenience of conducting District business. For many years, the District has provided the General Manager, Site Manager and Board Secretary with a credit card. An opportunity is available for the District to qualify for a credit card program with many more benefits than our previous bank credit card.

Bank of the West has partnered with California Special Districts Association (CSDA) for a purchasing program which issues purchasing or credit cards to qualified member agencies. The District is a member of CSDA and is eligible to make application to this program. The program aggregates the purchases of all participating members and offers free annual membership and variable cash rebates based on the volume of purchasing of all of the participating members.

A Resolution, adopted by the Governing Board, together with the application will be submitted to Bank of the West to establish the credit card accounts. The District has a Standard Practice with specific procedures relating to the use of credit cards. In addition, a more detailed credit card use policy is being considered for adoption by this Board.

Recommended Motion

I move to approve Resolution___, 2014, authorizing the District to enter into an agreement with Bank of the West to establish District credit card accounts; and authorize the Board President to execute any necessary agreements.



**California Special
Districts Association**
Districts Stronger Together



CSDA District Purchasing Card Program Frequently Asked Questions

How does my district enroll in the program?

Step-by-step instructions and enrollment forms can be found on our website:

www.csda.net/card.

Who do we call to get administrative support?

For changes to your account or any other issues, call the Bank of the West administrator support number: **(866) 683-9893**.

Does the District's Board of Directors need to pass a resolution to participate?

Generally a resolution will need to be passed; however, we highly recommend that you check the specific requirements for your District.

How many cardholders can we have? Is there a fee per cardholder?

Each District may have as many cardholders as you need. The consolidated annual spending of the CSDA District Purchasing Card participants has far surpassed the minimum average of \$20,000 per month. Should the consolidated spending fall below the \$20,000 minimum, an annual per card fee of \$30 could apply for each participating District.

What is the interest rate if we carry a balance on the card?

The card program is a payment tool and is not intended for carrying/maintaining a balance. If payment is not made in full each month a monthly late fee of \$25 will apply as well as a finance charge of Prime +4.99%. We encourage participants to pay off their balance every month.

Will our district have a minimum spend in order to earn a rebate?

There is no minimum spend. All participating Districts and CSDA will begin earning rebates with the first dollar spent.

Why is there a separate rebate grid for transactions of \$5,000 or more?

Certain large transactions receive different pricing from MasterCard **only** if the merchant has been designated as a large ticket merchant. In addition to the large dollar amount of the transaction, there are other criteria that the transaction must meet. It is unlikely that many transactions would fall under this classification.

What is the typical credit limit?

The minimum credit limit is \$50,000. So far, the highest credit to be approved is \$250K. A district will want a limit of 2-2.5 times their highest month's spend.

CSDA District Purchasing Card Program Frequently Asked Questions (continued)

When will the annual rebate be paid?

The rebate is calculated in January and paid in February based on the spend of the previous calendar year.

How can we maximize our potential for rebates?

Rebates may be maximized by increased spending; as your card program volume increases so does the rebate available. Spending may be increased by finding additional vendors and uses for the card. Making on-line purchases, A/P payments, travel charges, and paying utility bills and cell phone payments are typically good ways to increase card spending.

Can Bank of the West provide special terms for our district if we have a large program?

Bank of the West can provide customization based on a district's potential spend.

One of our employees left and we need to cancel their card. Who do we contact?

For changes to your account or for help with any other program issues, call Bank of the West administrator support at **(866) 683-9893**.

Government Banking



California Special Districts Association

**CSDA
District Purchasing Card**



Government Card Solutions – Benefits for CSDA Members

CSDA and members using the CSDA District Purchasing Card Program* for vendor payments, purchasing, travel or fleet transactions gain the following benefits:



- **Control** the program through individual cardholder limits and online transaction monitoring.
- **Fraud Protection*** is included with the program at no extra cost.
- **Earn rewards** through cash back rebates.

* Certain terms and conditions apply

Typical Government Card Uses

- **Cellular Phones/Pagers**
- **Telecommunications**
- **Utilities**
- Insurance Services
- Fleet Maintenance/Fuel
- Postage
- Office Supplies
- Furniture/Office Equipment
- Food Services/Vending Machines
- Tools/Hardware
- Printing/Copying/Business Forms
- Courier Services/Freight
- Industrial Supplies
- Printing/Copying/Business Forms
- Temporary Services
- Building Services/Janitorial
- Equipment Leasing
- Membership Dues/Subscriptions
- Landscape Contracts
- Security Services
- Computer Hardware/Software
- Travel Expenses
- Conferences/Workshops/Webinars
- Uniforms
- First Aid Supplies
- Legal/Consulting Services

CSDA District Purchasing Card Program Features & Controls

- The CSDA District Purchasing Card Program is offered to all CSDA District members (subject to credit approval).
- The program is designed for general purchasing expenses, travel expenses and to potentially replace the use of ‘personal’ cards.
- **Authorization Control Features:**
 - A program credit limit is determined by the bank based on the participating District’s financial statements.
 - Credit is underwritten on a District by District basis
 - Any credit losses are paid by the District incurring the loss
 - Individual cardholder credit limits are determined by each CSDA District
- **Additional Control Features:**
 - Fraud protection – District is not responsible for fraud losses as long as the transactions are communicated immediately to the bank



CSDA District Purchasing Card Program Features & Controls

(continued)

- **Additional Control Features:**

- Dispute Transactions – District has up to 60 days to dispute a transaction
- Up to \$100,000 Protection against Employee Misuse* – Protects the District in the event of cardholder abuse

- **Free Insurance and Assistance Programs:**

- \$100,000 travel accident insurance
- Auto Car Rental Collision Damage Waiver Insurance
- Emergency Card Replacement



- **Travel Assistance Services:**

- Emergency Message Assistance
- Medical Referral Assistance
- Roadside Assistance
- Legal Referral Assistance
- Emergency Ticket Replacement
- Emergency Transportation Assistance
- Lost Luggage Locator Assistance

*Specific terms & conditions apply

CSDA District Purchasing Card Program Features & Controls

(continued)

- **Billing & Payment Terms**

- Billing date – 28th of each month
- Payment is due 25 days after the billing date
- Payment may be made by direct debit or payment on-line

- **Billing Statements**

- Are available on-line the day after the statement billing date
- Are also available in paper form and will be mailed to your office



Attractive Financial Rebate Offer

- Annual Volume is an aggregate of the total spend of CSDA and all participating districts.
- No minimum spend is required. Participant districts begin earning rebates on dollar one.

Rebate Schedule:

ANNUAL AGGREGATED VOLUME		REBATE RATE*
Minimum	Maximum	
0	999,999	0.50%
1,000,000	4,999,999	0.70%
5,000,000	7,499,999	0.80%
7,500,000	14,999,999	0.90%
15,000,000	19,999,999	1.00%
20,000,000	49,999,999	1.05%
50,000,000	79,999,999	1.15%
80,000,000	Over	1.25%

If reduced interchange is received due to “large ticket transaction rates” as defined by MasterCard, Bank reserves the right to apply the Large Dollar Rebate table shown below:

Rebate Chart for transactions meeting “Large Ticket” criteria

AVERAGE TICKET		REBATE RATE*
Minimum	Maximum	
5,000	9,999	0.35%
10,000	19,999	0.20%
20,000	29,999	0.15%
30,000	Over	0.10%

* Subject to credit approval

Rebate Payout Example

Entity	Volume	Rebate Rate	Annual Rebate Payout
CSDA	400,000	0.80%	3,200
Agency A	2,000,000	0.80%	16,000
Agency B	400,000	0.80%	3,200
Agency C	1,500,000	0.80%	12,000
Agency D	600,000	0.80%	4,800
Agency E	<u>800,000</u>	0.80%	<u>6,400</u>
Total	5,700,000		42,400

- By aggregating the spend of CSDA and its members, the District Purchasing Card Program allows each participating agency to earn greater rebates.
- The greater the spend of each participating agency, the greater rebate potential for all.
- Rebates will be awarded annually based on each agency's spending volume.

CSDA District Purchasing Card Program Technology


- **On-Line Information Reporting – CentreSuite**

- Included with the program at no cost
- 24/7 ability to view transactions, reports and monthly statement on-line
- Order new cards on-line
- Make changes to cardholder information on-line
- The following reports are available on-line and may be run on an ad-hoc basis:
 - Allocation Analysis Report
 - Cardholder Dispute Form
 - Cardholder Profile Report
 - Merchant Report
 - Multiple Transaction Exception Report
 - Program Change Request Audit Report
 - Statement of Account Report
 - Transaction Report
 - User Profile Report




CentreSuite – View Statements On-Line & Make Program Changes

View Statements - Microsoft Internet Explorer
Links >>



Commercial Card Online



HOME Statements Accounts Reports Expenses Administration Help LOGOFF

Statements > Account Activity


Select Accounts

My Accounts
Accounts I Manage
Search for Statements


Account Number	Name on Account
543216*****5849	PAUL O RILEY

Statement(s)

- [November 2007](#)
- [October 2007](#)
- [September 2007](#)
- [August 2007](#)
- [July 2007](#)
- [June 2007](#)


To view a statement, you must first have Adobe Acrobat Reader installed.

End of Select Accounts



Universe Bank
 P.O. BOX 1234
 ANYWHERE IL 12345-1234

FACH SERVICES
 45
 BNP PARIBAS MA 23456-8901

123 MAIN STREET
 BUILDING 3 SUITE 400
 CHICAGO IL 42341

Account Number: 3333-1263
 Payment Due: N/A
 New Balance: N/A
 Minimum Payment: N/A

33331263 000000000 000000000

Please Detach and Return With Your Payment

Please refer to enclosed notices for important information about your account.

Account Summary

Account Number	0000-0201
Statement Closing Date	November 29, 2007
Credit Line	\$10,000.00
Available Credit	\$9,510.00
Minimum Payment	\$389.43
Payment Due Date	December 20, 2007

Balance Summary

Previous Balance	\$889.40
Credits	\$889.40
Purchases and Debits	(\$389.43)
Cash Advances	\$0.00
FINANCE CHARGE	\$0.00
New Balance	\$389.43

Important Contact Information (See reverse side for billing and other important information)

Payment Address: Card Services P.O. Box 12345 Somewhere, XX 23456-8901	Customer Service: 1-888-123-4567 or (123) 987-6543 Fax Number: (123) 555-5432
E-mail Address: support@bank.net TTY Telephone: (123) 555-7890	Dispute Resolution Address: P.O. Box 9999 Somewhere, XX 23456-9999


Transaction Detail

Trans Date	Post Date	Description	Amount
04/03	04/03	CANTINA GRILL CONC. C.	\$8.57
04/01	04/03	DENVER CO 0000000000	\$8.30
04/03	04/04	NEWS & GIFTS #869 DE	\$5.30
04/03	04/04	DENVER CO 0000000000	\$5.30
04/03	04/04	NASHVILLE AIRPORT	\$5.30
04/04	04/08	NASHVILLE TN 0000000000	\$2.89
04/04	04/08	ATLANTA BR240 COMPANY	\$145.77
04/05	04/08	ATLANTA GA 0000000000	\$145.77
04/05	04/08	MARRIOTT 33749 ALT AP	\$145.77
04/10	04/10	COLLEGE PARK GA 0000000000	\$889.40 CR
04/10	04/10	PAYMENT	\$889.40 CR
04/11	04/15	HERTZ HUNTSVILLE AIRPORT	\$196.77
04/11	04/15	HUNTSVILLE AL 0000000000	\$196.77
04/24	04/24	POUR LA FRANCE	\$8.30
04/24	04/24	999-7575 CO 0000000000	\$8.30
04/24	04/24	MARRIOTT HOTELS F/B CALGARY ON	\$6.80
04/25	04/29	09/26 (Foreign Currency) 10.59 CAD (Rate) 1.5574	\$6.80
04/25	04/29	MARRIOTT HOTELS F/B CALGARY ON	\$6.73
04/25	04/29	09/27 (Foreign Currency) 10.48 CAD (Rate) 1.5574	\$6.73


CentreSuite - Make Payments On-Line

Make Payment - Microsoft Internet Explorer

Address: C:\Documents and Settings\chris55\Desktop\Bank Of The West BNP Paribas - CentreSuite Demo\BNP BOW 091809 Static Demo\OA_MakePayment.html



Commercial Card Online



[HOME](#)
[Statements](#)
[Accounts](#)
[Reports](#)
[Expenses](#)
[Administration](#)
[Help](#)
[LOGOFF](#)

Statements > Make Payment

Make Payment

Payment Date:

Payments made after 5:00 pm ET will be processed the next business day.

Bank Information

* Required field

Account Nickname
 Bank Account Type
 * Bank Account Number
 * Transit Routing Number

Personal
 Business

Selected Accounts

Select All	Payment Log	Name on Account	Account Number	Statement Balance	Minimum Payment	Payment Due Date	Current Balance	Credit Limit	Payment Options	Amount
<input type="checkbox"/>									Statement Balance	
<input checked="" type="checkbox"/>		PAUL O RILEY	543216*****5849	\$4,383.44	\$88.00	6/15/2008	\$6,349.52	\$20,000.00	Statement Balance	\$4,383.44
<input checked="" type="checkbox"/>		HARRY G NEWTON	543216*****4201	\$389.43	\$15.00	6/15/2008	\$520.36	\$5,000.00	Statement Balance	\$389.43
<input checked="" type="checkbox"/>		CENTRAL UNIVERSITY	543216*****0101	\$2,123.65	\$42.00	6/15/2008	\$3,997.88	\$9,999,999.00	Statement Balance	\$2,123.65

Menu ready for use

3:34 PM

Why Bank of the West

- **State of Art Technology**

- View transactions on-line
- On-line bill payment
- View statements on-line
- Perform on-line account maintenance

- **Experience**

- Dedicated program support in California
- 1-800 Cardholder support

- **Attractive Financial Offering**

- Annual cash back rebates
- Rebate spending aggregated for CSDA
to increase payouts to members



CSDA District Purchasing Card Program Application Process

- **Visit www.csgda.net/card**
- **Step-by-step instructions and forms** for enrollment in the CSDA District Purchasing Card Program are available on the CSDA website.
- **Implementation**
 - The bank will evaluate the credit of each District applying for a card program.
 - Upon credit approval, the timeframe to receive cards is 4-6 weeks.
 - Standard CSDA logo cards will be provided to each District.
 - Cards can be mailed to your office or directly to your cardholders.
- **Customer Service**
 - Bank of the West will provide account servicing and education regarding best practices.
 - Support for District program administrators at 866-683-9893 or contact CSDA Member Services Director Cathrine Lemaire at 877-924-2732 .

BANK OF **THE WEST** 

**STATEMENT OF WORK
FOR
AGREEMENT FOR COMMERCIAL CARDS**

This Statement of Work for Agreement for Commercial Cards ("SOW") dated as of December 15, 2011 between Bank of West ("Bank") and The California Special Districts Association, a not-for-profit association organized under Internal Revenue Code Section 501c(6) ("CSDA"), to insure the continued existence of local, independent districts (each a "District"), is a statement of work to be performed by Bank in connection with implementation of individual Agreement for Commercial Cards (as defined in Article 1 below) between Bank and Districts.

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1 Agreement for Commercial Card. As used in this SOW, "Agreement for Commercial Card" means a short form Agreement for Commercial Card between Bank and a District substantially in the form of Exhibit A. This SOW and the terms and conditions of Bank's standard commercial card terms and conditions appearing as Exhibit B to this SOW, as modified and augmented by this SOW (the "Standard Terms and Conditions"), are incorporated by reference into each Agreement for Commercial Card between Bank and a District.

1.2 Defined Terms Generally. Unless otherwise expressly provided in this SOW, capitalized terms are used in this SOW with the meanings given to them in Agreement for Commercial Card.

1.3 Inconsistency. In the event of any inconsistency between this SOW and the Agreement for Commercial Card, SOW shall prevail.

ARTICLE 2

DISTRICT ENROLLMENT, PARTICIPATION AND IMPELEMENTATION

2.1 Enrollment. Each District that desires to enter into an Agreement for Commercial Card with the Bank shall apply to the Bank and, subject to and upon satisfaction of the terms and conditions required by the Bank and approval by the Bank, in its sole discretion, Bank and such District an Agreement for Commercial Card.

2.2 Nature of SOW and Agreement for Commercial Card. Each District will be responsible for fulfilling its agreements under and making payments when and as required under its Agreement for Commercial Card with Bank. Each Agreement for Commercial Card between the Bank and a District will be solely an agreement between Bank and such District, and none of the CSDA nor any other District shall have any liability or responsibility for duties, liabilities or obligations of the District party to such Agreement for Commercial Card.

2.3 Relationship of Districts, CSDA. Neither this SOW nor the performance of the services of the respective parties hereunder shall be considered or construed to (i) create a partnership, association or joint venture between or among CSDA, any District or Bank, or (ii) constitute any party or any of its respective agents, employees or Representatives as the agent, employee or representative of the any other party, and no party hereto shall make any representations to the contrary. No party hereto will be under any obligation to any other person, except for obligations expressly assumed under this SOW or by operation of law.

2.4 District Administration of Program. Each District will administer its own program under its Agreement for Commercial Card with the Bank and, in connection with the establishment and administration of such program, will comply with procedures established by the Bank for identification of

employees to whom Cards shall be issued and the credit or purchasing authority of each such employee.

2.5 Card Design. CSDA may furnish to Bank artwork (digital file), including logo, that is acceptable to the Bank in order to provide a distinctive card design and color that will identify each Card as a CSDA card. The Districts may not customize the standard Card stock.

ARTICLE 3

REFERRAL FEES; PRICING AND REBATES

3.1 Pricing. For purposes of calculating pricing as set forth on Appendix B of the Standard Terms and Conditions, monthly volumes will be determined by Bank based on the aggregate monthly volumes under all Agreements for Commercial Cards then in effect.

3.2 Rebates.

3.2.1 Bank will calculate rebates as set forth on Appendix C of the Standard Terms and Conditions. Notwithstanding anything in any Agreement for Commercial Card to the contrary, Bank agrees, and each District authorizes Bank, to pay to CSDA and Districts all such rebates on a calendar year basis. Each such payment shall be accompanied by a statement setting forth the total volume by District and proportion of such rebate to be paid to each District.

3.2.2 For rebates to be paid on CSDA volume, CSDA and District agree that CSDA shall be paid rebate equal to 100% of the total rebate earned by CSDA volume.

3.2.3 For rebates to be paid on District volume, CSDA and District agree that District shall be paid rebate equal to 100% of the total rebate earned by the District's volume.

3.2.4 CSDA and District agree to have rebate payments made electronically by an electronic funds transfer directly into an account designated by CSDA and each District.

3.3 Bonus. CSDA shall be paid a bonus rebate rate of 0.10% for the total net aggregate charge volume of CSDA and Districts for each calendar year of the Agreement. On a quarterly basis, Bank agrees to pay to CSDA referral fees equal to \$250.00 for each District that has had an average monthly volume of at least \$20,000 over the previous 6 month period. Only one referral fee will be paid by Bank to CSDA for each district.

3.4 Indemnification by CSDA. Except to the extent arising from the gross negligence or willful misconduct of Bank, CSDA shall indemnify Bank and hold it harmless from and against any and all damage, loss, or injury which CSDA may suffer, incur or sustain arising out of this SOW, including, without limitation, by reason of payments made to CSDA under this SOW.

3.5 Indemnification by Districts. In addition to the indemnifications given to Bank by each District pursuant to its Agreement for Commercial Card, each District shall indemnify CSDA and hold it harmless from and against any and all damage, loss, or injury which CSDA may suffer, incur or sustain arising out of such District's Agreement for Commercial Card, its Cards, its Travel Accounts, its Cardholder Agreements, its Purchasing Card Agreement, its Travel Account Agreements, and any of its Transaction unless such damage, loss, or injury arose from the gross negligence or willful misconduct of CSDA.

3.6 Indemnification by Bank. Bank agrees to hold CSDA harmless from any losses the bank may suffer which arise from a District's use of the card.

ARTICLE 4

TERMINATION

4.1 Termination Suspension of Credit Card Agreements. Each Credit Card Agreement (a) will terminate and be terminable in accordance with its terms and (b) shall terminate if this SOW terminates. If a Default occurs under an Agreement for Commercial Card between the Bank and a District, the Bank has the right to exercise the rights provided in such Agreement for Commercial Card, including without limitation the right to suspend availability of all or any portion of the Card program with such District and to terminate such Agreement for Commercial Card, and to suspend correlative provisions of this SOW in respect of such Agreement for Commercial Card.

4.2 Termination of SOW. This SOW (i) shall be in force for an initial period of three years from its effective date, (ii) may be terminated at any time by mutual agreement of Bank and CSDA, (iii) may be terminated by Bank at any time (A) upon termination of any Agreement for Commercial Card with any District, (B) upon material breach by CSDA of its agreements hereunder, (C) if any representation or warranty made by CSDA hereunder is untrue or incorrect in any material respect when made, (D) CSDA commences a voluntary case or other proceeding seeking rehabilitation, bankruptcy, insolvency or other similar law generally affecting the rights of creditors now or hereafter in effect or seeking the appointment of a trustee, rehabilitator, receiver, liquidator, custodian or other similar official of it or substantially all of its property, or consents to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or makes a general assignment for the benefit of creditors, or files an answer admitting the material allegations of a petition filed against it in any such proceeding or fails generally to pay its debts as they become due, or takes any corporate action to authorize any of the foregoing, or (E) if an involuntary case or other proceeding be commenced against CSDA seeking rehabilitation, liquidation, reorganization or other relief with respect to it or its debts under any rehabilitation, bankruptcy, insolvency or other similar law generally affecting the rights of creditors now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding remains undismissed and unstayed for a period of sixty (60) days, and (iii) may be terminated by CSDA at any time (A) upon any material breach by Bank of its agreements hereunder, (B) if any representation or warranty made by Bank here under is untrue or incorrect in any material respect when made, or (C) the Federal Deposit Insurance Corporation is appointed as receiver for Bank.

4.3 Effect of Termination. Termination or suspension of all or any portion of this SOW by Bank will not relieve CSDA or any District of any duty or obligation to Bank and may be limited to application to an individual District or to less than all of this SOW.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES

5.1 Bank. Bank hereby represents, warrants and covenants to and with CSDA and each District as follows:

5.1.1 The execution and delivery by it of this SOW, the performance by it of its duties and obligations hereunder and the consummation of the transactions contemplated hereby do not (i) conflict with or result in a violation or breach of any term or provision of any law, rule, regulation, judgment, decree, order or injunction applicable to it or any of its assets and properties or any contractual restriction of any kind binding or affecting it or any of its properties, or (ii) conflict with or result in a violation or breach of or constitute, with or without notice or lapse of time or both, a default under any material agreement to which it is a party or any material obligation or responsibility which it has to any third party.

5.1.2 Bank is a corporation duly organized, validly existing and in good standing under the laws of California. Bank has the corporate power and authority to execute and deliver this SOW and to perform its obligations hereunder.

5.2 CSDA. CSDA hereby represents, warrants and covenants to and with Bank and each District as follows:

5.2.1 The execution and delivery by CSDA of this SOW, the performance by CSDA of its duties and obligations hereunder and the consummation of the transactions contemplated hereby do not (i) conflict with or result in a violation or breach of any term or provision of any law, rule, regulation, judgment, decree, order or injunction applicable to CSDA or any of its assets and properties or any contractual restriction of any kind binding or affecting CSDA or any of its properties, or (ii) conflict with or result in a violation or breach of or constitute, with or without notice or lapse of time or both, a default under any material agreement to which Company is a party or any material obligation or responsibility which CSDA has to any third party.

5.2.2 CSDA is a not-for-profit association organized under Internal Revenue Code Section 501c(6), has the power and authority to execute and deliver this SOW and to perform its obligations hereunder.

5.3 Districts. Each representation and warranty made by a District to Bank under an Agreement for Commercial Card is also made concurrently to CSDA.

ARTICLE 6

CONFIDENTIALITY

In addition to, and not in limitation of, terms and conditions contained in any Agreement for Commercial Card between the Bank and any District, each of the Bank, CSDA and each District party to an Agreement for Commercial Card agrees as follows:

6.1 Definitions. For purposes of this SOW, the following terms shall have the meanings assigned to them below:

"Confidential Information" means Bank Confidential Information or Company Confidential Information, as applicable.

"Bank Confidential Information" means all information of Bank, whether or not in written, electronic or optical form, including, without limitation; (i) the names, addresses, social security numbers, telephone and facsimile numbers, financial data, e-mail addresses, and any other Non-Public Personal Information regarding Bank's, its operating subsidiaries', or its affiliates' customers and consumers, or prospective customers and consumers; (ii) that CSDA or a District knows or should have known is proprietary, confidential or a trade secret and (iii) is clearly identified as proprietary, confidential or a trade secret. Notwithstanding the foregoing, Bank Confidential Information shall not include information that: (i) is or becomes generally available to the public other than as a result of a disclosure by CSDA or a District, or any of their Representatives, in violation of this SOW or any Agreement for Commercial Card; (ii) is independently developed by employees or agents of CSDA or a District who had no knowledge of or access to any of the Bank Confidential Information; (iii) was known to the recipient prior to its disclosure by Bank hereunder; (iv) is or becomes available to CSDA or a District from a source other than the Bank; or (v) is disclosed with the consent of Bank; provided that with respect to clauses (iii) and (iv) above, the source of such information was not bound at the time of such disclosure by a nondisclosure, confidentiality or similar agreement with Bank or otherwise prohibited from transmitting the information to CSDA or a District, or any of their respective Representatives, because of a contractual, legal or fiduciary obligation. Each of CSDA and each District shall have the burden of proving that any Bank Confidential Information that it or its respective Representatives uses or discloses contrary to the terms of this SOW is not Bank Confidential Information.

"Company Confidential Information" means all information of CSDA and each District, whether or not in written, electronic or optical form, that (i) is clearly identified as proprietary, confidential or a trade secret, (ii) Bank knows or should have known is proprietary, confidential or a trade secret, and (iii) is information regarding CSDA's and each District's constituencies including, but not limited to, Nonpublic Personal Information regarding such constituencies. Notwithstanding the foregoing, Company Confidential Information shall not include information that: (i) is or becomes generally available to the public other than as a result of a disclosure by Bank, or any of its representatives, in violation of this SOW; (ii) is independently developed by employees or agents of Bank who had no knowledge of or access to any of the Company Confidential Information; (iii) was known to Bank prior to its disclosure by CSDA or a District; (iv) is or becomes available to Bank from a source other CSDA or such District; or (v) is disclosed with the consent of CSDA or such District; provided that with respect to clauses (iii) and (iv) above, the source of such information was not bound at the time of such disclosure by a nondisclosure, confidentiality or similar agreement with CSDA or such District or otherwise prohibited from transmitting the Company Confidential Information to Bank, or any of its representatives, because of a contractual, legal or fiduciary obligation.

"Representatives" or "representatives" means any directors, officers, employees, agents, stockholders, subsidiaries, affiliates, attorneys, accountants and other advisors or representatives of a particular person.

6.2 Bank Regulation. Each of CSDA and each such District acknowledges that (1) the Bank is subject to the consumer and customer privacy provisions of the Gramm-Leach-Bliley Act of 1999 ("Act") and the implementing regulations promulgated by applicable federal banking regulators (the "Regulations"), (2) the Bank Confidential Information covered by this SOW may include Non-Public Personal Information as that term is defined in the Regulations, and (3) that Bank has certain obligations to protect the Bank Confidential Information from unauthorized disclosure to third parties. Each of CSDA and each such District understands that its willingness and ability to cooperate with and to assist Bank in this regard is a material factor in Bank's willingness to enter into this SOW and any Agreement for Commercial Card.

6.3 Survival. The covenants and undertakings of each party hereunder with respect to Confidential Information shall survive termination of this SOW in perpetuity.

6.4 Non-Use and Non-Disclosure of Confidential Information.

6.4.1 Each of CSDA and each District (a) agrees to treat the Bank Confidential Information as strictly confidential and use and disclose the Bank Confidential Information only in connection with its performance of its duties and obligations under this SOW, (b) shall hold all Bank Confidential Information in a fiduciary capacity and shall exercise the highest degree of care in safeguarding all such Bank Confidential Information against loss, theft, intentional or inadvertent use and disclosure, and shall take all steps reasonably necessary to maintain the confidentiality thereof, (c) shall immediately notify Bank of the date of, and circumstances involved in, any loss or unauthorized use or disclosure of Bank Confidential Information, (d) agrees to disclose Bank Confidential Information only to such of its Representatives as is necessary for it to perform its respective duties and obligations under this SOW, (e) shall notify each and every of its respective Representatives that has access to or knowledge of any of the Bank Confidential Information as to the existence of this SOW and require them to abide by the terms hereof, and shall be responsible for any use or disclosure of Bank Confidential Information by its Representatives that is contrary to the terms hereof to the same extent as if it had used or disclosed such Bank Confidential Information, and (f) shall not, directly or indirectly: (i) disclose, divulge or discuss the Bank Confidential Information with any third party (other than its Representatives); (ii) use any of the Bank Confidential Information for any purpose whatsoever other than in connection with their respective performance of their respective duties and obligations under this SOW and, in the case of a District, under its Agreement for Commercial Card; or (iii) use any of the Bank Confidential Information for the gain, benefit, advantage or profit of any other person.

6.4.2 Bank (a) agrees to treat the Company Confidential Information as strictly confidential and use and disclose the Company Confidential Information only in connection with Bank's

performance of its duties and obligations under this SOW, (b) shall hold all Company Confidential Information in a fiduciary capacity and shall exercise the highest degree of care in safeguarding all such Company Confidential Information against loss, theft, intentional or inadvertent use and disclosure, and shall take all steps reasonably necessary to maintain the confidentiality thereof, (c) shall immediately notify CSDA or the relevant District, as applicable, of the date of, and circumstances involved in, any loss or unauthorized use or disclosure of Company Confidential Information, (d) agrees to disclose Company Confidential Information only to such of its Representatives as is necessary for Bank to perform its duties and obligations under this SOW, (e) shall notify each of its Representatives that has access to or knowledge of any of the Company Confidential Information as to the existence of this SOW and require them to abide by the terms hereof, and shall be responsible for any use or disclosure of Company Confidential Information by its Representatives that is contrary to the terms hereof to the same extent as if Bank had used or disclosed such Company Confidential Information, and (f) shall not, and shall cause its Representatives not to, directly or indirectly: (i) disclose, divulge or discuss the Company Confidential Information with any third party (other than its Representatives); (ii) use any of the Company Confidential Information for any purpose whatsoever other than in connection with Bank's performance of its duties and obligations under this SOW and Agreements for Commercial Cards with Districts; or (iii) use any of the Company Confidential Information for the gain, benefit, advantage or profit of any other person.

6.5 Compulsory Disclosure. In the event that CSDA, any District or Bank, as applicable, is requested or required, as a result of any judicial or regulatory proceeding, to make any disclosure of Bank Confidential Information or Company Confidential Information, as applicable, such party agrees to provide the other party with advance notice thereof as promptly as possible (but in no event less than seven business days unless applicable law or a court order provides for disclosure prior to expiration of the seven business day period) so that the other party may seek an appropriate protective order or other appropriate remedy. If the applicable party is unable to timely obtain such a protective order or other appropriate remedy and the other party is compelled to disclose any Confidential Information or else stand liable for contempt or suffer any similar censure, sanction or penalty, then such party may disclose only that portion of the Confidential Information that such party is advised by counsel that it is legally required to be disclosed, and such party shall use reasonable efforts to obtain reliable assurances that the Confidential Information that is so disclosed will be treated confidentially. Any party hereto may reveal so much of the Confidential Information to a regulatory agency with jurisdiction over it, its auditor and attorney as is necessary for such person to satisfy its duties.

6.6 Destruction and Return of Confidential Information. Each of CSDA and each District agrees that all Bank Confidential Information, including any summaries, copies or reproductions permitted hereby, are and shall remain the property of Bank. From time to time, and at any time, in its sole discretion, Bank may request in writing that CSDA or any District either immediately destroy or return the Bank Confidential Information to Bank, and each of CSDA and each District agrees to promptly comply with Bank's request and shall cause its respective Representatives to comply with Bank's request, including, but not limited to, the destruction or deletion of all machine readable, electronic or optical Bank Confidential Information from computer systems and data storage devices. If destruction or return of the Bank Confidential Information is not feasible, the applicable party shall consult with Bank and take prompt action to make such Bank Confidential Information unavailable or inaccessible to such party, its Representatives and other persons. Each of CSDA and each District agrees to promptly provide Bank with written certification of its satisfaction with the terms of this paragraph. Notwithstanding anything to the contrary contained herein, for purposes of this section, the monthly periodic statements on a Card account and the Reports delivered to a District under an Agreement for Commercial Card shall be property of such District and shall not be subject to the provisions of this section. Bank agrees that all Company Confidential Information, including any summaries, copies or reproductions permitted hereby, are and shall, as between Bank and CSDA or any District, remain the property of the applicable party. From time to time, and at any time, in its sole discretion, CSDA or any District may request in writing that Bank either immediately destroy or return to such party, and Bank agrees to promptly comply with such party's request and shall cause its Representatives to comply with such party's request, including, but not limited to, the destruction or deletion of all machine readable, electronic or optical Company Confidential Information from computer systems and data storage devices. If destruction or return of the Company Confidential Information is

not feasible, then Bank shall consult with relevant party and take prompt action to make such Company Confidential Information unavailable or inaccessible to Bank, its Representatives and other persons. Bank agrees to promptly provide, and to cause its Representatives to promptly provide the relevant party with written certification of its satisfaction with the terms of this paragraph.

6.7 No License, Obligation or Warranty. No right, title or license is hereby granted by Bank, by implication or otherwise, to any of CSDA or any District or any of its Representatives, except for the limited usage rights specifically described herein, with respect to any Bank Confidential Information. No right, title or license is hereby granted by CSDA or any District by implication or otherwise, to Bank or any of its Representatives, except for the limited usage rights specifically described herein, with respect to any Company Confidential Information.

ARTICLE 7

MISCELLANEOUS

7.1 Survival. Unless otherwise terminated in accordance with its terms, this SOW shall survive termination of Agreement for Commercial Cards. Sections 3.4 and 3.5 and Article 6 of this SOW shall survive termination of this SOW.

7.2 Assignment. Neither this SOW nor any of the rights, interests or obligations of any party hereunder may be assigned by such party without the prior written consent of the other party affected thereby, provided, however, that Bank may subcontract with a third party to perform the non-credit services to be provided by Bank without the consent of CSDA or any District. No such permitted assignment or subcontracting shall release the assignor or subcontractor from its obligations and liabilities under this SOW.

7.3 Binding Effect. This SOW and all of the provisions hereof shall be binding upon and inure to the benefit of CSDA, Bank and each District party to an Agreement for Commercial Card and their respective successors and permitted assigns.

7.4 Notices. All information, Reports, notices, requests, demands, consents and other communications given or required to be given by Bank under this SOW, any Agreement for Commercial Card and related documents may be given to each of CSDA and the relevant District, and all such communications shall be in writing and delivered to the applicable party at the address indicated below:

If to Bank: Bank of the West
180 Montgomery Street, 13th floor
San Francisco, CA 94104
Attention: Commercial Card Manager

If to CSDA: California Special Districts Association
1112 I Street, Suite 200
Sacramento, CA 95814

If to a District: To the Address set forth in the Agreement for Commercial Card to which such District is a party

or, as to each party at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this section. Any notices shall be in writing, including telegraphic or facsimile communication, and may (but need not) be sent by registered or certified mail, return receipt requested, postage prepaid or telegraphed. Notices may not be sent by electronic mail. Notice shall be effective upon actual receipt thereof.

7.5 Incorporation. All appendixes attached hereto and to which reference is made herein are incorporated by reference as if fully set forth herein.

7.6 Governing Law. This SOW shall be governed by and interpreted in accordance with the laws of the State of California (excluding its choice of law rules), and as applicable, federal law.

7.7 Entire Agreement. This SOW and its exhibits contains the entire understanding of and all agreements between the parties hereto with respect to the subject matter hereof and supersedes any prior or contemporaneous representation, information, bid, offer, letter of intent, agreement or understanding, oral or written, pertaining to any such matters which agreements or understandings shall be of no force or effect for any purpose; provided, however, that the terms of any confidentiality agreement between the parties hereto previously entered into, to the extent not inconsistent with any provisions of this SOW, shall continue to apply.

7.8 Amendment. This SOW may not be amended or supplemented in any manner except by mutual agreement of CSDA and Bank (and without consent of any District) and as set forth in a writing signed by a duly authorized representative of such parties or their respective successors in interest, provided that, notwithstanding anything to the contrary contained herein, Bank may unilaterally, in its sole discretion, amend the terms and conditions of any Cardholder Agreement or Travel Account Agreement, including, without limitation, the interest, fees and charges related to the Cards, in accordance with the provisions of the Cardholder Agreement or Travel Account Agreement.

7.9 Counterparts. This SOW may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7.10 Headings. The headings used in this SOW are inserted for purposes of convenience of reference only and shall not limit or define the meaning of any provisions of this SOW. As used herein, the singular includes the plural and vice-versa, the masculine includes the feminine, and vice-versa, "and" means "or" and vice-versa, unless the context clearly indicate the contrary.

7.11 Waiver. The waiver of any breach of any provision under this SOW by any party shall not be deemed to be a waiver of any preceding, subsequent or other breach under this SOW. No such waiver shall be effective unless in writing and executed by any authorized signatory.

7.12 Third Party Beneficiaries. Except as expressly provided in this SOW, CSDA and Bank intend that this SOW shall not benefit or create any right or cause of action in or on behalf of any person other than the parties hereto and, to the extent incorporated into any Agreement for Commercial Card to which a District is a party, such District.

7.13 Severability. If any provision of this SOW, as applied to any part or circumstances, shall be adjudged by a court of competent jurisdiction to be void, invalid or unenforceable, the same shall in no way affect any other provision of this SOW, the application of any such provision, or any other circumstances, or the validity or enforceability of the other provisions of this SOW.

7.14 Force Majeure. None of CSDA, Bank or any District shall be liable to the other party for any delay or non-performance of its obligations under this SOW, or any Cardholder Agreement arising from any cause beyond its reasonable control, provided, however, that such party shall, on a best efforts basis, cure such inability to timely perform its obligations hereunder.

7.15 Association Rules. CDSA acknowledges and agrees that the association rules of VISA or MasterCard shall govern and regulate certain issues which arise out of the usage of the Cards and the Travel Accounts.

7.16 Cooperation. The parties shall cooperate to insure that the respective duties and obligations of each of the parties hereunder are effectively, efficiently and promptly discharged. Each party shall execute and deliver to the other parties such further instruments and documents and take such further action as may from time to time be necessary to carry out the intent and purposes of this SOW.

|

IN WITNESS WHEREOF, the parties hereto have caused this SOW to be executed by their duly authorized officers as of the date first above written.

THE CALIFORNIA SPECIAL DISTRICTS ASSOCIATION	BANK OF THE WEST
Name:	Name:
Title:	Title:
Signature	Signature

**TERMS AND CONDITIONS
APPLICABLE TO
AGREEMENT FOR COMMERCIAL CARD**

ARTICLE I - DEFINITIONS

Certain Definitions. As used in the Agreement for Commercial Card, the terms below shall have the meanings set forth.

"Agreement for Commercial Card" means an Agreement for Commercial Card between the Bank and a District into which these Terms and Conditions, including all appendixes incorporated herein, as modified, amended or extended from time to time, are incorporated.

"Bank" means Bank of the West

"Bank Manager" means a natural person designated by the Bank, from time to time, to be the primary contact person with the District Manager.

"Business Credit" means credit offered or extended for a purpose other than Consumer Credit.

"Card" means a Credit Card or Purchasing Card issued by Bank to the District and/or its Employee but does not include a Travel Account.

"Cardholder" means an Employee to whom a Card is issued by Bank, regardless of whether the Employee or the District is liable on the Card.

"Cardholder Agreement" means an agreement pursuant to which a Card is issued to a Cardholder, and which agreement shall include, without limitation, the terms and conditions for obtaining credit through the use of a Card, and includes a Purchasing Card Agreement.

"Cash Advance" means a cash loan or similar transaction under a Credit Card.

"Cash Advance Limit" means the maximum cash loan balance that a Cardholder may have outstanding at any time.

"District" means a special district under the laws of the State of California.

"District Credit Limit" means the maximum indebtedness that the District and all of its Employees may borrow under all Cards (including Cash Advances) and Travel Accounts, and which District Credit Limit shall include the total amount District has agreed to guarantee under the Guaranty and the aggregate amount of all Employee Credit Limits.

"District Manager" means a natural person designated by District, from time to time, to be the primary contact person with the Bank Manager.

"Consumer Credit" means credit offered or extended primarily for personal, family or household purpose.

"Credit Card" means any card, plate, or other single credit device that may be used from time to time to obtain credit but shall not include a Purchasing Card.

"Employee" means any director, officer, and employee of District who is designated by the District to be a Cardholder.

"Employee Credit Limit" means the maximum indebtedness that an Employee may borrow under a Card (including Cash Advances).

"Guaranty" means a limited guaranty under which District will guarantee the performance of all obligations of Employees to whom the Bank has issued a Credit Card, including, without limitation, the payment of all obligations arising under such Credit Cards.

"Person" means any corporation, partnership, trust, or other business entity, other entity or a natural person.

"Travel Account" means a loan account, evidenced in part by an account number and a Travel Account Agreement, but which loan account is established and used without issuance of a card, plate or other device to obtain credit.

"Travel Account Agreement" means the agreement pursuant to which a Travel Account is established, and which agreement shall include, without limitation, the terms and conditions for obtaining credit under the Travel Account.

"Transaction" means a credit transaction under a Card or a Travel Account and includes a Cash Advance.

ARTICLE II - ISSUANCE OF THE CARDS

II.A. The Program. Subject to the Bank's then normal and customary underwriting criteria, upon receipt of a card request from a District Manager, the Bank will issue a Credit Card to such applicant Employee, subject to the terms and conditions of the Cardholder Agreement delivered by Bank to Employee and District, as such Cardholder Agreement may be amended from time to time, provided further, that the underwriting shall be based on a credit evaluation of the District. The District shall be liable on all Credit Cards and by its acceptance of these Terms and Conditions, the District agrees, to the fullest extent, on obligations arising under or in connection with all Credit Cards issued to all Employees under the Agreement for Commercial Card and each applicable Cardholder Agreement as if the District had executed each Bank credit application agreeing to be bound by each Cardholder Agreement. In all cases, the Bank shall have the sole and absolute discretion on underwriting decisions.

II.B. Security Interest. To secure performance of all District's obligations in respect of the Agreement for Commercial Card and all other obligations owed by District to Bank, whether or not evidenced by this or any other agreement and now existing or hereafter created, District hereby grants to the Bank a security interest in and to all of the following property (hereinafter the "Collateral"): (a) Equipment, all goods now owned or hereafter acquired by District, or in which District has or may acquire any interest, including but not limited to all machinery, equipment, furniture, furnishings, fixtures, tools, supplies and motor vehicles of every kind and description, and all additions, accessions, improvements, replacements and substitutions thereto and thereof; (b) Inventory, all inventory now owned or hereafter acquired by District including but not limited to raw materials, work in process, finished goods, inventory leased to others or held for lease, merchandise, parts and supplies of every kind, including inventory temporarily out of the District's custody or possession, together with all returns on accounts; (c) Accounts, all accounts, letter of credit rights, commercial tort claims, contract rights and general intangibles, including software and payment intangibles, now owned or hereafter created or acquired by District including but not limited to receivables, credit card receivables, health care receivables, insurance receivables, software receivables and license fees, goodwill, trademark rights, trade styles, trade names, patents, patent applications, copyrights and copyright applications, customer lists, business records and computer programs, tapes, disks and related data processing software that at any time evidence or contain information relating to any of the Collateral; (d) Documents, all documents, instruments and chattel paper, whether electronic or tangible, now owned or hereafter acquired by the District, including, but not limited to, warehouse and other receipts, bills of sale, promissory notes and bills of lading; (e) Monies, all monies, deposit accounts, certificates of

deposit, investment property and securities of the District now or hereafter in the Bank's or its agents' possession.

The Bank's security interest in the Collateral shall be a continuing lien and shall include the proceeds and products of the Collateral, including without limitation proceeds of insurance. District hereby consents to Bank filing financing statements in all locations deemed appropriate by the Bank from time to time. The security interest granted to Bank in the Collateral shall not secure or be deemed to secure any Indebtedness of the District which is at the time of its creation subject to the provisions of any state or federal consumer credit or truth-in-lending disclosure statutes.

To the extent permitted by law, District further agrees that if District has previously granted or at any time grants an additional security interest in favor of Bank pursuant to any document or agreement, that notwithstanding the provisions therein such security interest shall also secure all obligations and indebtedness arising in connection with or in respect of the Agreement for Commercial Card. District and Bank hereby amend and modify any such document or agreement to so provide that the security interest granted therein further secures the obligations and in respect of the Agreement for Commercial Card.

II.C. Credit Limits.

- II.C.a** The Employee Credit Limit for each Card and District Credit Limit shall be established from time to time by the Bank in its sole and absolute discretion based on the Bank's then normal and customary underwriting criteria and the District's request. All indebtedness under all Cards and all Travel Accounts shall be deemed to be indebtedness under the District Credit Limit. The Bank may, in its sole discretion, increase the District Credit Limit or an Employee Credit Limit at the request of District, subject to the Bank's then normal and customary underwriting criteria. The Employee may not request an increase in the Employee Credit Limit.
- II.C.b** If the Bank reasonably believes that the prospects for performance by District of its obligations under the Agreement for Commercial Card, all Cards, Cardholder Agreements, the Travel Accounts, and Travel Account Agreements are impaired, the Bank may, in its sole discretion, reduce the District Credit Limit by written notice delivered thirty (30) days prior to the effective date of the reduction in the District Credit Limit.
- II.C.c** If, on the effective date of the reduction in the District Credit Limit, the total outstanding liabilities owed to Bank under all Cards and Travel Accounts exceeds the new credit limit, District will immediately pay (or cause to be paid) Bank an amount sufficient to reduce the total outstanding obligation owed to Bank under the Cards to a sum at least equal to the new District Credit Limit, and if usage of the Cards will cause District to exceed the new District Credit Limit, District shall not use the Cards and Travel Accounts and shall cause the Cardholders and persons authorized to use the Travel Accounts to cease using the Cards and Travel Accounts until such time that credit is available under the new District Credit Limit. Nothing herein shall be construed to prohibit the Bank from charging any applicable over limit fee.
- II.C.d** Notwithstanding anything to the contrary, if the approval of an application for a Card or Travel Account, or increase in an Employee Credit Limit, would cause the then District Credit Limit to be exceeded, the Bank shall not be obligated to issue such Card or Travel Account or grant the application to increase the Employee Credit Limit even if the Bank's then applicable customary and normal underwriting criteria is satisfied.

ARTICLE III - LIMITATION OF LIABILITIES ASSUMED

Limitation of Liabilities. Except in the case of gross negligence of the Bank, or if applicable law, Cardholder Agreement, Travel Account Agreement, or in any Agreement for Commercial Card excuses liability on the part of District or the Cardholder, as the case may be, District, or the Cardholder, as the case may be, shall be fully liable for all Transactions and obligations arising under a Card or Travel Account, regardless of whether the Transaction is for Business Credit or Consumer Credit and regardless of whether the Transaction is authorized or unauthorized by the Employee or District, even if Bank knew

or should have known that such Transaction was unauthorized by the Employee or District or that the Transaction was for Consumer Credit. Bank shall be under no duty to investigate or inquire whether a Transaction is authorized by the District or whether the Transaction was for Consumer Credit.

The provisions of this section shall not apply to an allegation that the Transaction was not authorized because of a forged signature.

In the event of possible loss, theft or unauthorized use of your Card, you agree to notify us immediately. You may be liable for the unauthorized use of any Card issued under the Agreement for Commercial Card. You agree to assist us in determining the facts and circumstances relating to any unauthorized use of a Card. You will not be liable for unauthorized use that occurs after you notify us of loss, theft, or possible unauthorized use.

ARTICLE IV - COVENANTS OF BANK

Bank covenants with District as follows:

IV.A. Bank Manager. Bank will appoint a Bank Manager who shall meet with the District Manager as frequently as mutually agreeable but at least quarterly to discuss matters related to the Cards, Travel Accounts, Cardholder Agreements, Travel Account Agreements, and the Agreement for Commercial Card. Such meetings may be conducted telephonically.

IV.B. Employee Information. Provided Bank has a valid and required consent from a Cardholder, Bank shall:

IV.B.a provide to the District Manager a copy of each of the Cardholder's monthly periodic statement and the information set forth in section IV.C hereof, and

IV.B.b notify the District Manager of the Bank's termination of a Card account.

IV.C. Management Information Regarding the Cards. Provided Bank has a valid and required consent from a Cardholder, the Bank shall provide the following to the District Manager:

IV.C.a a report in the form of total business reports ("Report") prepared by Total Systems, Inc. which Report shall contain the following information regarding Cardholders and Transactions:

1. List of authorized Cardholders
2. Summary of Transactions
3. Aging report listing delinquent Cardholders
4. Transaction totals for each merchant category

The Report shall be provided monthly on or before the fifteenth day of each month following the month for which the Report is prepared.

IV.C.b The information, Report and other information to be provided under this Article IV shall be delivered to the District Manager unless District shall notify Bank of a substitute or additional person (including the address of such person) who is to receive any of the reports described in sections IV.B or IV.C.

ARTICLE V - COVENANTS OF DISTRICT

District covenants with Bank as follows:

V.A. District Manager. District will appoint a District Manager who shall meet with Bank Manager as frequently as mutually agreeable but at least quarterly to discuss matters related to the issuance of the Cards, Travel Accounts, Cardholder Agreements, Travel Accounts Agreements, and the Agreement for Commercial Card. Such meetings may be conducted telephonically.

V.B. District's Revocation of Authority. If District revokes the authority of any Cardholder to use a Card or a travel agency to charge Transactions to a Travel Account, the District Manager shall promptly notify Bank, and after a reasonable time to act on such notice, Bank shall terminate the Card

account, or Travel Account, as applicable, and post no Transactions to such Card account or Travel Account, provided that the use of the Card or Travel Account shall not be considered unauthorized by the District until the Bank has had a reasonable time to act upon District's notice. The notice may be provided in writing or orally, telephonically, facsimile transmission or in writing, but not by electronic mail. The District shall use its best efforts to recover the unauthorized Card from such Cardholder and deliver the Card to Bank promptly after recovery of the Card.

- V.C.** Cooperation with Investigation. District will cooperate, execute, acknowledge and deliver such instruments and take such other actions as Bank may reasonably require in connection with any unauthorized or fraudulent use of a Card, loss or theft of a Card, including, without limitation, executing an affidavit in form satisfactory to Bank and providing to Bank a copy of a police report.
- V.D.** Reliance. For purposes of the Agreement for Commercial Card, any Employee shall be deemed authorized to act, and give instruction and notice to Bank (except for a request to increase the Employee Credit Limit), for the Card issued to such Employee. The Bank shall be entitled to act upon such notice from such Employee without liability or obligation to District or the Cardholder, and shall be under no obligation or duty to inquire into or investigate the authenticity, validity, or accuracy of such notice or information, notwithstanding any knowledge that the Bank may have to the contrary. The District Manager shall be deemed authorized to act for, and give instruction and notice to Bank, and bind District.
- V.E.** Use of Employee Information. District agrees that District shall use any information about an Employee provided to District under or in connection with the Agreement for Commercial Card only in connection with the Program as described in section C of the Recitals, and for no other purpose.

ARTICLE VI - COVENANTS OF THE PARTIES

Customer Privacy and Corporate Confidentiality.

- VI.A.** District acknowledges that (1) Bank is subject to the consumer and customer privacy provisions of the Gramm-Leach-Bliley Act of 1999 ("Act") and the implementing regulations promulgated by applicable federal banking regulators (the "Regulations"), (2) the Bank Confidential Information covered by the Agreement for Commercial Card may include Non-Public Personal Information as that term is defined in the Regulations, and (3) that Bank has certain obligations to protect the Bank Confidential Information from unauthorized disclosure to third parties. District understands that District's willingness and ability to cooperate with and assist Bank in this regard is a material factor in Bank's willingness to enter into the Agreement for Commercial Card.
- VI.B.** The covenants and undertakings of each party hereunder with respect to Confidential Information shall survive termination of the Agreement for Commercial Card in perpetuity.
- VI.C.** For purposes of the Agreement for Commercial Card, the following terms shall have the meanings assigned to them below:
- VI.C.a** "Confidential Information" means Bank Confidential Information or District Confidential Information, as applicable.
- VI.C.b** "Bank Confidential Information" means all information of Bank, whether or not in written, electronic or optical form, including, without limitation; (i) the names, addresses, social security numbers, telephone and facsimile numbers, financial data, e-mail addresses, and any other Non-Public Personal Information regarding Bank's, its operating subsidiaries', or its affiliates' customers and consumers, or prospective customers and consumers; (ii) that District knows or should have known is proprietary, confidential or a trade secret and (iii) is clearly identified as proprietary, confidential or a trade secret.

Notwithstanding the foregoing, Bank Confidential Information shall not include information that: (i) is or becomes generally available to the public other than as a result of a disclosure by District, or any of its Representatives, in violation of the Agreement for Commercial Card; (ii) is independently developed by employees or agents of District who had no knowledge of

or access to any of the Bank Confidential Information; (iii) was known to District prior to its disclosure by Bank hereunder; (iv) is or becomes available to District from a source other than the Bank; or (v) is disclosed with the consent of Bank; provided that with respect to clauses (iii) and (iv) above, the source of such information was not bound at the time of such disclosure by a nondisclosure, confidentiality or similar agreement with Bank or otherwise prohibited from transmitting the information to District, or any of its respective Representatives, because of a contractual, legal or fiduciary obligation. District shall have the burden of proving that any Bank Confidential Information that it or its respective Representatives uses or discloses contrary to the terms of the Agreement for Commercial Card is not Bank Confidential Information.

VI.C.c "District Confidential Information" means all information of District, whether or not in written, electronic or optical form, that (i) is clearly identified as proprietary, confidential or a trade secret, (ii) Bank knows or should have known is proprietary, confidential or a trade secret, and (iii) is information regarding District's customers and consumers including, but not limited to, Nonpublic Personal Information regarding such customers and consumers and prospective customers and consumers.

Notwithstanding the foregoing, District Confidential Information shall not include information that: (i) is or becomes generally available to the public other than as a result of a disclosure by Bank, or any of its Representatives, in violation of the Agreement for Commercial Card; (ii) is independently developed by employees or agents of Bank who had no knowledge of or access to any of the District Confidential Information; (iii) was known to Bank prior to its disclosure by District; (iv) is or becomes available to Bank from a source other than District; or (v) is disclosed with the consent of District; provided that with respect to clauses (iii) and (iv) above, the source of such information was not bound at the time of such disclosure by a nondisclosure, confidentiality or similar agreement with District or otherwise prohibited from transmitting the District Confidential Information to Bank, or any of its Representatives, because of a contractual, legal or fiduciary obligation. Bank shall have the burden of proving that any information that it or its Representatives uses or discloses contrary to the terms of the Agreement for Commercial Card is not District Confidential Information.

VI.C.d "Representatives" means any directors, officers, employees, agents, stockholders, subsidiaries, affiliates, attorneys, accountants and other advisors or representatives of a particular person.

VI.C.e Non-Use and Non-Disclosure of Confidential Information. (1) District agrees to treat the Bank Confidential Information as strictly confidential and use and disclose the Bank Confidential Information only in connection with District's performance of its duties and obligations under the Agreement for Commercial Card. District and its Representatives shall hold all Bank Confidential Information in a fiduciary capacity and shall exercise the highest degree of care in safeguarding all such Bank Confidential Information against loss, theft, intentional or inadvertent use and disclosure, and shall take all steps reasonably necessary to maintain the confidentiality thereof. District shall immediately notify Bank of the date of, and circumstances involved in, any loss or unauthorized use or disclosure of Bank Confidential Information. District agrees to disclose Bank Confidential Information only to such of its Representatives as is necessary for District to perform its respective duties and obligations under the Agreement for Commercial Card. District shall notify each and every of its respective Representatives of District that has access to or knowledge of any of the Bank Confidential Information as to the existence of the Agreement for Commercial Card and require them to abide by the terms hereof, and shall be responsible for any use or disclosure of Bank Confidential Information by its Representatives that is contrary to the terms hereof to the same extent as if District had used or disclosed such Bank Confidential Information. District and its Representatives shall not, directly or indirectly: (i) disclose, divulge or discuss the Bank Confidential Information with any third party (other than its Representatives); (ii) use any of the Bank Confidential Information for any purpose whatsoever other than in connection with their respective performance of their respective duties and obligations under the

Agreement for Commercial Card; or (iii) use any of the Bank Confidential Information for the gain, benefit, advantage or profit of any other person.

(2) Bank agrees to treat the District Confidential Information as strictly confidential and use and disclose the District Confidential Information only in connection with Bank's performance of its duties and obligations under the Agreement for Commercial Card. Bank and its Representatives shall hold all District Confidential Information in a fiduciary capacity and shall exercise the highest degree of care in safeguarding all such District Confidential Information against loss, theft, intentional or inadvertent use and disclosure, and shall take all steps reasonably necessary to maintain the confidentiality thereof. Bank shall immediately notify District of the date of, and circumstances involved in, any loss or unauthorized use or disclosure of District Confidential Information. Bank agrees to disclose District Confidential Information only to such of its Representatives as is necessary for Bank to perform its duties and obligations under the Agreement for Commercial Card. Bank shall notify each of its Representatives that has access to or knowledge of any of the District Confidential Information as to the existence of the Agreement for Commercial Card and require them to abide by the terms hereof, and shall be responsible for any use or disclosure of District Confidential Information by its Representatives that is contrary to the terms hereof to the same extent as if Bank had used or disclosed such District Confidential Information. Bank shall not, and shall cause its Representatives not to, directly or indirectly: (i) disclose, divulge or discuss the District Confidential Information with any third party (other than its Representatives); (ii) use any of the District Confidential Information for any purpose whatsoever other than in connection with Bank's performance of its duties and obligations for Bank and under the Agreement for Commercial Card; or (iii) use any of the District Confidential Information for the gain, benefit, advantage or profit of any other person.

VI.C.f Compulsory Disclosure. In the event that District or Bank, as applicable, is requested or required, as a result of any judicial or regulatory proceeding, to make any disclosure of Bank Confidential Information or District Confidential Information, as applicable, District or Bank, as applicable, agrees to provide the other party with advance notice thereof as promptly as possible (but in no event less than seven business days unless applicable law or a court order provides for disclosure prior to expiration of the seven business day period) so that the other party may seek an appropriate protective order or other appropriate remedy. If Bank or District, as applicable, is unable to timely obtain such a protective order or other appropriate remedy and the other party is compelled to disclose any Confidential Information or else stand liable for contempt or suffer any similar censure, sanction or penalty, then Bank or District, as applicable, may disclose only that portion of the Confidential Information that such party is advised by counsel that it is legally required to be disclosed, and such party shall use reasonable efforts to obtain reliable assurances that the Confidential Information that is so disclosed will be treated confidentially.

Any party bound hereby may reveal so much of the Confidential Information to a regulatory agency with jurisdiction over it, its auditor and attorney as is necessary for such person to satisfy its duties.

VI.C.g Destruction and Return of Confidential Information. District agrees that all Bank Confidential Information, including any summaries, copies or reproductions permitted hereby, are and shall remain the property of Bank. From time to time, and at any time, in its sole discretion, Bank may request in writing that District either immediately destroy or return the Bank Confidential Information to Bank, and District agrees to promptly comply with Bank's request and shall cause its respective Representatives to comply with Bank's request, including, but not limited to, the destruction or deletion of all machine readable, electronic or optical Bank Confidential Information from computer systems and data storage devices. If destruction or return of the Bank Confidential Information is not feasible, then District shall consult with Bank and take prompt action to make such Bank Confidential Information unavailable or inaccessible to District, its Representatives and other persons. District agrees to promptly provide Bank with written certification of its satisfaction with the terms of this paragraph.

Notwithstanding anything to the contrary contained herein, for purposes of this section, the monthly periodic statements on a Card account and the Reports delivered to District under Article IV hereof, respectively, shall be property of District and shall not be subject to the provisions of this section.

Bank agrees that all District Confidential Information, including any summaries, copies or reproductions permitted hereby, are and shall, as between Bank and District, remain the property of District. From time to time, and at any time, in its sole discretion, District may request in writing that Bank either immediately destroy or return to District, and Bank agrees to promptly comply with District's request and shall cause its Representatives to comply with District's request, including, but not limited to, the destruction or deletion of all machine readable, electronic or optical District Confidential Information from computer systems and data storage devices. If destruction or return of the District Confidential Information is not feasible, then Bank shall consult with District and take prompt action to make such District Confidential Information unavailable or inaccessible to Bank, its Representatives and other persons. Bank agrees to promptly provide, and to cause its Representatives to promptly provide District with written certification of its satisfaction with the terms of this paragraph.

VI.C.h No License, Obligation or Warranty. No right, title or license is hereby granted by Bank, by implication or otherwise, to District or any of its Representatives, except for the limited usage rights specifically described herein, with respect to any Bank Confidential Information. No right, title or license is hereby granted by District by implication or otherwise, to Bank or any of its Representatives, except for the limited usage rights specifically described herein, with respect to any District Confidential Information.

VI.C.i Specific Performance. District and Bank each recognizes and acknowledges, on behalf of itself and their respective Representatives, that the Bank Confidential Information and District Confidential Information are special and unique to Bank, or District, as applicable, and that any breach or threatened breach of any of the provisions of the Agreement for Commercial Card will result in irreparable and continuing harm to Bank or District, as applicable, for which there will be no adequate remedy at law and which could not be adequately compensated by monetary damages. If either party or any of its respective Representatives, breaches, or threatens to commit a breach of, any of the provisions of the Agreement for Commercial Card, then the other party shall have (but shall not be limited to) the right and remedy to have the Agreement for Commercial Card specifically enforced by any court having equity jurisdiction, including but not limited to the right to obtain temporary and permanent injunctions against the party allegedly in breach of the Agreement for Commercial Card, and its Representatives, without having to prove actual damages or post a bond.

In connection with the enforcement of this section VI.C.i., the parties hereby irrevocably submits for the purposes of any action or proceeding to enforce the Agreement for Commercial Card to the jurisdiction of the courts of the State of California and the Federal District Court for the Northern District of California, and to venue in San Francisco, California.

VI.D. Notices of Default. Bank and District shall each promptly give written notice to the other upon becoming aware of the impending or threatened occurrence of any event which could reasonably be expected to cause or constitute a breach of any of their respective representations, warranties, covenants or agreements contained in the Agreement for Commercial Card.

ARTICLE VII - TERMINATION

The Agreement for Commercial Card shall be in-force for a period of not less than three (3) years from the effective date.

VII.A. The Agreement for Commercial Card may be terminated at any time by delivery of a written notice thirty (30) days prior to the effective date of termination. By the mutual consent of District and Bank

- VII.A.a** By Bank, in the event of a material breach by District of any representation, warranty or agreement contained herein which is not cured or cannot be cured within thirty (30) days after written notice of such breach has been delivered to the breaching party.
- VII.A.b** By District, in the event of a material breach by Bank of any representation, warranty or agreement contained herein which is not cured or cannot be cured within thirty (30) days after written notice of such breach has been delivered to the breaching party.
- VII.A.c** By District, if the Federal Deposit Insurance Corporation is appointed as a receiver for the Bank.
- VII.A.d** By Bank, if District commences a voluntary case or other proceeding seeking rehabilitation, liquidation, reorganization or other relief with respect to itself or its debts under any rehabilitation, bankruptcy, insolvency or other similar law generally affecting the rights of creditors now or hereafter in effect or seeking the appointment of a trustee, rehabilitator, receiver, liquidator, custodian or other similar official of it or substantially all of its property, or consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or make a general assignment for the benefit of creditors, or file an answer admitting the material allegations of a petition filed against it in any such proceeding or fail generally to pay its debts as they become due, or take any corporate action to authorize any of the foregoing;
- VII.A.e** By Bank, if an involuntary case or other proceeding be commenced against District seeking rehabilitation, liquidation, reorganization or other relief with respect to it or its debts under any rehabilitation, bankruptcy, insolvency or other similar law generally affecting the rights of creditors now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding remains undismissed and unstayed for a period of sixty (60) days, the Agreement for Commercial Card shall be terminated as to such party.
- VII.A.f** By District with a payment to Bank equal to 0.25% of the daily average of purchase volume from the effective date of the Agreement for Commercial Card times the number of unused days per the duration of the Agreement for Commercial Card.
- VII.B.** Effect of Termination. In the event of termination of the Agreement for Commercial Card except under Section VII.A.a, the breaching party shall not be relieved of any liability for such breach or otherwise. The termination of the Agreement for Commercial Card shall not affect, diminish, release or impair any obligation or liability incurred by a party to the other party which was incurred prior to the effective date of termination under the Agreement for Commercial Card any obligation or liability incurred by a Cardholder to the Bank prior to the effective date of termination of the applicable Card, or in connection with the Agreement for Commercial Card. On the effective date of termination, the Bank may, without further notice to District or any Cardholder, terminate and cancel all Cards and Travel Accounts, without incurring any further obligation and liability.

ARTICLE VIII - INDEMNIFICATION

VIII. Indemnification. District shall indemnify Bank and hold it harmless from and against any and all damage, loss, or injury which Bank may suffer, incur or sustain arising out of the Agreement for Commercial Card, the Cards, the Travel Accounts, the Cardholder Agreements, the Purchasing Card Agreement, the Travel Account Agreements, and any Transaction unless such damage, loss, or injury was caused by the sole negligence of Bank.

To exercise its indemnification rights hereunder as the result of the assertion against it of any claim or potential liability or loss for which indemnification is provided, Bank shall promptly notify District of the assertion of such claim, discovery of any such potential liability or loss or the commencement of any action or proceeding in respect of which indemnity may be sought hereunder. The Bank shall advise District of all facts relating to such assertion within the knowledge of the Bank, and shall afford District the opportunity at its sole cost and expense to defend against such claims for liability. District shall notify Bank within thirty (30) days of receipt of a notice of claim, whether it shall assume the defense of such claim (unless a shorter response period is required under the circumstances). If the defense of a claim is assumed by District, the Bank shall be consulted and kept fully informed with regard to the progress of such claim. The Bank shall cooperate with District in connection with such claim. In any such action or proceeding, the Bank shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at its own expense unless (i) District and the Bank mutually agree to the retention of such counsel, (ii) the named parties to any such suit, action, or proceeding (including any impleaded parties) include both the Bank and District, and in the reasonable judgment of the Bank, representation of the Bank and District the same counsel would be inadvisable due to actual or potential differing or conflicts of interests between them, or (iii) District has failed to promptly assume or diligently prosecute or defend the claim.

ARTICLE IX - REPRESENTATIONS AND WARRANTIES

IX.A. Bank hereby represents, warrants and covenants to and with District as follows:

IX.A.a The execution and delivery by it of the Agreement for Commercial Card, the performance by it of its duties and obligations hereunder and the consummation of the transactions contemplated hereby do not (i) conflict with or result in a violation or breach of any term or provision of any law, rule, regulation, judgment, decree, order or injunction applicable to it or any of its assets and properties or any contractual restriction of any kind binding or affecting it or any of its properties, or (ii) conflict with or result in a violation or breach of or constitute, with or without notice or lapse of time or both, a default under any material agreement to which it is a party or any material obligation or responsibility which it has to any third party.

IX.A.b Bank is a corporation duly organized, validly existing and in good standing under the laws of California. Bank has the corporate power and authority to execute and deliver the Agreement for Commercial Card and to perform its obligations hereunder.

IX.B. District hereby represents, warrants and covenants to and with the BANK as follows:

IX.B.a The execution and delivery by District of the Agreement for Commercial Card, the performance by District of its duties and obligations hereunder and the consummation of the transactions contemplated hereby do not (i) conflict with or result in a violation or breach of any term or provision of any law, rule, regulation, judgment, decree, order or injunction applicable to District or any of its assets and properties or any contractual restriction of any kind binding or affecting District or any of its properties, or (ii) conflict with or result in a violation or breach of or constitute, with or without notice or lapse of time or both, a default under any material agreement to which District is a party or any material obligation or responsibility which District has to any third party.

The Agreement for Commercial Card may not be amended or supplemented in any manner except by mutual agreement of the parties and as set forth in a writing signed by a duly authorized representative of the parties thereto or their respective successors in interest, provided that, notwithstanding anything to the contrary contained herein, the Bank may unilaterally, in its sole discretion, amend the terms and conditions of any Cardholder Agreement or Travel Account Agreement, including, without limitation, the interest, fees and charges related to the Cards, in accordance with the provisions of the Cardholder Agreement or Travel Account Agreement.

- X.H.** Counterparts. The Agreement for Commercial Card may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- X.I.** Headings. The headings used in the Agreement for Commercial Card are inserted for purposes of convenience of reference only and shall not limit or define the meaning of any provisions of the Agreement for Commercial Card. As used herein, the singular includes the plural and vice-versa, the masculine includes the feminine, and vice-versa, "and" means "or" and vice-versa, unless the context clearly indicate the contrary.
- X.J.** Waiver. The waiver of any breach of any provision under the Agreement for Commercial Card by any party shall not be deemed to be a waiver of any preceding, subsequent or other breach under the Agreement for Commercial Card. No such waiver shall be effective unless in writing and executed by any authorized signatory.
- X.K.** Third Party Beneficiaries. Except as expressly provided in the Agreement for Commercial Card, the parties thereto intend that the Agreement for Commercial Card shall not benefit or create any right or cause of action in or on behalf of any person other than the parties thereto.
- X.L.** Severability. If any provision of the Agreement for Commercial Card, as applied to any part or circumstances, shall be adjudged by a court of competent jurisdiction to be void, invalid or unenforceable, the same shall in no way affect any other provision of the Agreement for Commercial Card, the application of any such provision, or any other circumstances, or the validity or enforceability of the other provisions of the Agreement for Commercial Card.
- X.M.** Force Majeure. Neither party to the Agreement for Commercial Card shall be liable to the other party for any delay or non-performance of its obligations under the Agreement for Commercial Card or any Cardholder Agreement arising from any cause beyond its reasonable control, provided, however, that such party shall, on a best efforts basis, cure such inability to timely perform its obligations hereunder, and if such party is unable to cure such nonperformance within thirty (30) days of the force majeure event, the other party may terminate the Agreement for Commercial Card subject to the provisions of Article VI , Article VII.B and Article X.A.
- X.N.** Association Rules. District acknowledges and agrees that the association rules of VISA or MasterCard shall govern and regulate certain issues which arise out of the usage of the Cards and the Travel Accounts.
- X.O.** No Partnership. Neither the Agreement for Commercial Card nor the performance of the services of the respective parties hereunder shall be considered or construed to (i) create a partnership, association or joint venture between District and the Bank, or (ii) constitute any party to the Agreement for Commercial Card or any of its respective agents, employees or Representatives as the agent, employee or representative of the any other party, and no party to the Agreement for Commercial Card shall make any representations to the contrary. No party to the Agreement for Commercial Card will be under any obligation to any other person, except for obligations expressly assumed under the Agreement for Commercial Card or by operation of law.
- X.P.** Cooperation. The parties shall cooperate to insure that the respective duties and obligations of each of the parties hereunder are effectively, efficiently and promptly discharged. Each party shall execute and deliver to the other parties such further instruments and documents and take such further action as may from time to time be necessary to carry out the intent and purposes of the Agreement for Commercial Card.

EXHIBIT B
(FORM OF AGREEMENT FOR COMMERCIAL CARD)

AGREEMENT FOR COMMERCIAL CARD

This Agreement for Commercial Card effective as of [], 20[] (this "Agreement for Commercial Card") is entered into between Bank of the West ("Bank") and [] ("District").

RECITALS

- A. Bank is a California chartered bank engaged in the business of providing credit cards and related services and whose principal credit card office is located at 450 Regency Parkway, Omaha, NE 68114.
- B. District is a special district in the State of California and a member of The California Special Districts Association ("CSDA").
- C. CSDA and Bank have entered into a Statement of Work for Agreement for Commercial Cards dated as of [], 2011 (the "SOW") pursuant to which any member of CSDA may apply to Bank for credit in connection with the payment of certain business expenses of such member on Standard Terms and Conditions (as defined in the SOW) and subject to the other terms and conditions of the SOW.
- D. District must be and maintain its CSDA membership in good standing. This agreement may be subject to termination should the District's membership lapse.

NOW, THEREFOR, in consideration of their mutual promises and obligations and intending to be legally bound thereby, Bank and District agree as follows:

- 1. Incorporation by Reference. The SOW and Standard Terms and Conditions are incorporated into this Agreement for Commercial Card as though set forth at length. Each of Bank and District agree to perform and observe the SOW and Standard Terms and Conditions in accordance with their terms.
- 2. Agreement of Bank and District. Subject to the provisions, terms and conditions of the SOW and Standard Terms and Conditions, Bank will issue Credit Cards, and District will be liable in respect to thereof.
- 3. Address for Notices. For purposes of Article X.D of the Standard Terms and Conditions, the address for District is: _____.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement for Commercial Card to be executed by their duly authorized representatives as of the date first above written.

BANK:

DISTRICT:

BANK OF THE WEST

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

APPENDIX A - CREDIT CARD CARDHOLDER AGREEMENT

- 1. General.** This Agreement covers the use of the Corporate Card account that you applied for to use in connection with business expenses incurred on behalf of your Employer. In this Agreement, the words "you" or "your" mean either the individual who signed the Corporate Card Application (the "Application") or the company. The words "we," "us," "our" or "Bank" mean Bank of the West, a BNP Paribas Company. The word "Card" means a Visa or MasterCard Corporate Card issued to you. The word "Employer" means the company which employs you. By signing the Application, you agree to be bound to all the terms and conditions of this Agreement.
- 2. Use.** You agree that the Card may be used only for business purchases of goods or services from participating merchants ("Purchases") or to obtain Cash Advances from automated teller machines ("ATM") displaying the Visa or MasterCard logo up to your Credit Limit. In no case shall total Purchases and Cash Advances exceed the Credit Limit. You agree that the Card will be used solely for business use and not for consumer credit purposes. You may not use the Card to make Purchases or obtain Cash Advances for any illegal transaction, such as online or internet gambling. If you use the Card for any illegal transaction, this Agreement also applies to such transaction and you agree to pay any and all amounts related to such transaction pursuant to the terms of this Agreement. We may, in our sole discretion, restrict the use of or terminate your Card if we notice excessive use of your Card or other suspicious activities or if we reasonably believe the Card is or has been used for one or more illegal transactions. You may not authorize any other person to use your Card.
- 3. Credit Limit.** We will notify you of your Credit Limit. You agree not to incur debt for Purchases, Cash Advances and Finance Charges to us in an amount exceeding the Credit Limit. You may apply to increase the Credit Limit, and we reserve the right to lower it. If you go over the Credit Limit, you must repay the excess amount upon demand by the Bank.
- 4. Agreement to Pay.** Company agrees to pay for all credit (whether for a Purchase or Cash Advance), and the Finance Charges that are due as provided in this Agreement, extended in connection with the Card. Company agrees to pay us for such credit extended regardless of the purpose for which Company obtains credit by use of the Card. Any failure on your part to sign a sales draft or Cash Advance draft shall not release Company's obligation to repay the credit extended.
- 5. Payment.** Each month we will send you a billing statement for the previous billing period. Each billing statement will provide the "Amount Due" for the "Payment Due Date." You must pay the Amount Due by the Payment Due Date. The Amount Due represents the total of all Purchases, Cash Advances, fees and/or other charges made or incurred by you during the previous billing period for which the payment has not been received by the Bank. All payments must be made in the lawful money of the United States of America. When your payment is properly received, we will allocate your payment in a manner we determine except as otherwise required by law. We will add any Cash Advances or Purchases repaid to your available Credit Limit, however, in the event of payment by check, we may delay crediting your available Credit Limit until your check clears, and we may also credit your available Credit Limit based on the same check hold policy that we follow to credit deposits for regular checking accounts. Payments received after the cutoff times of 4:00p.m. are credited as of the following business day.

Payments made by direct debit to your account will be made on the Payment Due Date. If you fail to have available funds or to properly make payments, crediting such payments may be delayed. Payments made after the Payment Due Date may be subject to the following fee(s), if permitted by law, unless such charge would result in an interest charge greater than the maximum allowable by law, in which case we will only charge the maximum allowable. **Late Payment Fee: \$25.00**
- 6. Order of Application.** We will allocate your payment in a manner we determine except as otherwise required by law.
- 7. When You Must Pay to Avoid a Finance Charge on Purchases.** You may avoid paying a Finance Charge on Purchases if you pay the entire Amount Due by the Payment Due Date. If we do not receive the entire Amount Due by the Payment Due Date, the Finance Charge will be charged on the

Purchases from the date of the Purchase transaction. You may not avoid paying Finance Charge on Cash Advances.

8. **Computing Your Finance Charge.** We figure the Finance Charge on your account by multiplying the applicable periodic rate to the "Average Daily Balance" of Purchases and "Average Daily Balance" of Cash Advances (including current transactions).
 - a. **Average Daily Balance.** To get the "Average Daily Balance" of Purchases, we take the beginning balance of your account each day, add any new Purchases, and subtract any Cash Advances, payments or other credits which were applied to Purchases, unpaid Finance Charges, late charges, membership fees, and other fees. This gives us the Purchases daily balance. To get the "Average Daily Balance" of Cash Advances, we take the beginning balance each day, add any new Cash Advances, and subtract any Purchases, payments or other credits which were applied to Cash Advances, unpaid Finance Charges, late charges, membership fees and other fees. This gives us the Cash Advances daily balance. Then, we add up all of the Purchases and Cash Advance daily balances for the billing period and divide each total by the number of days in the billing period. This gives us the "Average Daily Balances."
 - b. **Figuring the FINANCE CHARGE.** We compute the Finance Charge by multiplying these Average Daily Balances by the Daily Periodic Rate, and then we multiply the result by the number of days in the billing period. To determine the Daily Periodic Rate, we divide the Annual Percentage Rate in effect for the billing period by 365. The Daily Periodic Rate for Purchases is a Variable Rate. The way we get the Annual Percentage Rate and the Daily Periodic Rate for Purchases is described below under "Variable Rate". The Daily Periodic Rate for Cash Advances is a Fixed Rate of .0493%, which is equivalent to an Annual Percentage Rate of 18.00%. As noted above, you may avoid paying the Finance Charge on Purchases if you pay the entire New Balance by the Payment Due Date; however, the Finance Charge on Purchases will otherwise accrue from the date of transaction. The Finance Charge on Cash Advances will accrue from the date of the Cash Advance.
 - c. **Variable Rate for Purchases.** The current Annual Percentage Rate and Daily Periodic Rate for Purchases are shown on the variable rate disclosure which has been provided to you with this Agreement. The Daily Periodic Rate and the corresponding Annual Percentage Rate may change on the first day of your billing cycle that begin in March, June, September, and December. Each date on which the rate of interest could change is called a "Change Date." Changes will be based on changes in the "Index." The Index is the highest Prime Rate published in the "Money Rates" table of The Wall Street Journal. If the Index is no longer available, we will choose a new index which is based upon comparable information and will give you notice of our choice. The Index figure published on the second Tuesday (or on the next business day if the second Tuesday is a holiday) of the calendar month in which the Change Date occurs is called the "Current Index." Your interest rate for Purchases is based on a variable rate equal to the sum of the Bank's Prime Rate plus a "Rate Spread" of 6.99 percentage points. Immediately before each Change Date we will determine the new interest rate for Purchases by adding the Rate Spread to the Current Index. For example, if the Current Index was 7.00% and the Rate Spread 6.99 percentage points, the Annual Percentage Rate would be 13.99%, and by dividing this percentage figure by 365, we would compute a Daily Periodic Rate of .0383%. The new interest rate for Purchases will become effective at the start of your first billing cycle after the Change Date. Only one Annual Percentage Rate and Daily Periodic Rate for Purchases will be in effect for any one billing period. The Annual Percentage Rate will not exceed the maximum rate permitted by law. The effect of any increase in the Annual Percentage Rate and the Daily Periodic Rate for Purchases would be to increase the amount of Finance Charge or interest you must pay and thus increase your monthly payments.
9. **Foreign Currency Charges and Advances.** If you make a Purchase or Cash Advance or ATM withdrawal in a foreign currency, it will be billed to you in U.S. Dollars. The conversion rate to U.S.

Dollars will be determined by Visa or MasterCard in accordance with their operating regulations or conversion procedures in effect at the time the transaction is processed. Currently, their regulations and procedures provide that the currency conversion rate they use is either (1) a government-mandated rate or (2) a wholesale market rate, whichever is applicable, in effect one day prior to the processing date, increased by 2.5 percent. Visa or MasterCard will keep one percent increase and Bank will keep the other 1.5 percent increase. We do not determine the currency conversion rate which is used and we not receive any portion of the currency conversion rate. You agree to pay the converted amount in U.S. funds.

10. Annual Card Maintenance Fee. The Company agrees to pay us an annual card maintenance fee of \$30.00 (\$45.00 for Purchasing account) for establishing and maintaining a Company account for the Cards issued on behalf of the Company. In addition, the Company agrees to also pay us an annual card maintenance fee for each Card issued under this Agreement. This fee is payable at the time the Card is issued and annually thereafter. This fee is charged whether or not the Card is used.

a. Fee Discount. Notwithstanding anything to the contrary contained in this Agreement, Bank will waive the annual card maintenance fee on the Company account and on Cards issued during the first twelve (12) months of this Agreement (the first twelve months and each succeeding twelve month period shall be called the "Fee Discount Period") if the net aggregate monthly purchasing volume under all CSDA and District Card programs is anticipated to average \$20,000 (\$60,000 for Purchasing) or more per month for the initial Fee Discount Period of this Agreement. The initial Fee Discount Period shall commence on the first calendar day of the month immediately following the date of execution of this Agreement. For each Fee Discount Period thereafter, the Bank will waive the annual card maintenance fee for the Company account and for each Cardholder (including persons who become a Cardholder during such Fee Discount Period) if the actual net monthly purchasing volume under all CSDA and District Card programs during the previous Fee Discount Period averaged \$20,000 (\$60,000 for Purchasing) or more per month during such Fee Discount Period. If the actual net monthly purchasing volume under all CSDA and District Card programs during such Fee Discount Period does not average \$20,000 (\$60,000 for Purchasing) or more per month, the Bank may charge the annual card maintenance fee then in effect for the Company account and such Cards for the following Fee Discount Period for all Cardholders (including persons who become a Cardholder during such Fee Discount Period.) The Company shall not receive a fee discount if the Company was in default under this Agreement at any time during any applicable Fee Discount Period. If the Company is in default at any time during such Fee Discount Period, any waiver of the annual card maintenance fee which would have otherwise been due during such Fee Discount Period shall be revoked and such fee shall be due and payable and paid by the Company on the due date of the immediately succeeding monthly billing statement.

b. Net Monthly Purchasing Volume. "Net monthly purchasing volume" shall mean the total amount of Transactions minus any credits posted to the Card account during the applicable measuring period and minus any fraud losses on the Card account.

11. Other Fees. You also agree to pay us the fees listed below which may be amended from time to time by us. You shall pay us for such fees by the Payment Due Date on your monthly statement and you authorize us to charge your Corporate Card account for the fees due to us. We reserve the right to waive these fees from time to time but we are not obligated to waive the fees. If we incur special expenses on your account due to a request made by you, we may also charge you for these expenses.

<p>Temporary Replacement Card or Emergency Cash Advance. Domestic Fee</p>	<p>\$125.00</p>
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International Fee	\$165.00
NSF Payment Fee	\$15.00
Over-the-credit-limit Fee	\$25.00
Copy of Sales Draft	\$ 2.00
Cash Advance Withdrawal	
• Domestic	\$1.00
• International	\$2.50
• Balance Inquiry	\$0.50

Note: Domestic = at an ATM in Canada, U.S. and its protectorates and territories. We cannot waive these fees.

Automated Terminal Services:

- a. **Automated Terminals.** If authorized, you may use your Card to get a Cash Advance from your Corporate Card account in any of the Bank's ATMs or any other ATM that is participating in a network and accepts our Card ("Network ATM").
- b. **Limits of Cash Advances at Automated Terminals.** You may get a Cash Advance from any Bank ATM or any Network ATM up to the aggregate amount provided by such ATM, provided that this amount does not exceed the Credit Limit.

12. Card and Secret Code Use. You are responsible for all transactions in which you use the Card in an automated terminal, or the use of the Card by anyone else who uses it with your permission. Security for Card use is provided by a secret code, which we will provide you, and the magnetically encoded stripe on the Card. You agree to keep the Card safe, and protect the secret code. You agree not to record the secret code on the Card. You agree to use the Card and the secret code as instructed by us at all times. You shall notify us promptly of any mechanical or operating failure in connection with the use of your Card. The Card remains the property of the Bank and may be revoked and repossessed at any time. You shall return Card(s) to us when asked. Cards may not be used after the expiration dates.

13. Unauthorized Use. In the event of possible loss, theft or unauthorized use of your Card, you agree to notify us immediately. You may be liable for the unauthorized use of any Card issued under this Agreement. You agree to assist us in determining the facts and circumstances relating to any unauthorized use of a Card. You will not be liable for unauthorized use that occurs after you notify us at the telephone number or address in paragraph 14, orally or in writing, of loss, theft, or possible unauthorized use. In any case, your liability for unauthorized use of your Card as a credit card will not exceed \$0.00.

14. Where to Call or Write. If you believe any Cards have been lost or stolen or that someone has transferred or may transfer money from the Corporate Card account or otherwise use the Corporate Card account without your permission, call the Bank at 1-800-342-2778. You can also write to: BankCard Security Department, P.O. Box 1959, Honolulu, Hawaii 96805.

15. Our Business Days. Our business days are Monday through Friday, except for bank holidays.

16. Authorizations by Bank; Disputes with Merchants. Some Purchases and Cash Advances will require our prior authorization. In our sole discretion, we may limit the number of authorizations we give on an account on any day or for other reasons. We will not be liable if a merchant does not honor a Card or if authorization for a particular transaction is not given. We shall have no liability for the goods or services obtained by use of any Card. You shall attempt to settle any claims of disputes for purchases with the seller and hereby waive any and all claims against us in connection therewith.

17. Default. We may declare the entire balance due and payable at once with or without notice or demand if any of these events (a "Default") happens:

- a. If you terminate your employment with your employer for any reason; or

- b. If you miss a payment under this Agreement or any other obligation you owe us; or
- c. If you violate any term of this Agreement; or
- d. If any representation or warranty made by you to us was or becomes false; or
- e. If you become insolvent or bankrupt, or a petition for relief under the Bankruptcy Code is filed by or against you; or
- f. If any creditor attempts to attach or garnishee your property; or
- g. If you die, or file a petition for relief under the Bankruptcy Code; or
- h. If we, in good faith, believe that the chances of you making payments as required under this Agreement are substantially impaired; or
- i. If any default occurs with respect to any guaranty or the occurrence of any event which renders any guaranty ineffective; or
- j. If you or any guarantor fails to pay or perform as agreed under any other agreement you or such guarantor has with us or any of our affiliates.

If you are in Default, we may terminate your Corporate Card account, make no more additional loans, and require you to immediately repay the entire unpaid balance of all amounts due on your Corporate Card account, including but not limited to all loan amounts, late charges and other charges assessed but not paid, and all of the Finance Charges accrued but not paid. If we terminate your Corporate Card account, your obligation to repay the amounts you already owe would continue. In addition to any other right or remedy we have, if you are in Default, we may also increase your Daily Periodic Rate to .0493%, which has a corresponding Annual Percentage Rate OF 18% fixed, for the entire outstanding balance, from and after the date of Default. Your payments under this Agreement, including the amount of the Finance Charge, will increase as a result of the increase in your Daily Periodic Rate and Annual Percentage Rate.

- 18. Collection.** You promise to pay all collection costs, including reasonable attorneys' fees and court costs, permitted by law.
- 19. Right of Offset Authorized.** In the event of any acceleration of the balance due hereunder, you authorize us to offset the amount due against any amount you have on deposit with us.
- 20. No Waiver of Rights.** If we choose to waive any terms or conditions of this Agreement on a case-by-case basis, such as by not declaring immediate payment of amounts due over your Credit Limit, it does not mean that we have waived, or given up, our right to exercise any of our rights or remedies under this Agreement in the future. We are not required to use any particular kind of demand or notice in order to collect amounts due to us under this Agreement. No indulgence or acceptance by us of delinquent or partial payments constitute a waiver of our rights or of any provision of this Agreement. No waiver of any existing default shall be deemed to waive any subsequent default.
- 21. Waiver of Certain Rights.** You and any guarantor agree that you will be liable for repayment of everything you owe under this Agreement, even if we do not follow all legal procedures such as diligence, demand, presentment and notice and protest of dishonor, which we might be required to follow if it were not for this waiver.
- 22. Changing Terms.** We can change, add to, delete or otherwise modify the terms found in this Agreement or the Application in any way permitted by law. We will notify you of changes to this Agreement at any time in any way permitted by law. You agree that the changes may cover all Purchases and Cash Advances made on or before the effective date of the change and any outstanding unpaid balances at that time. We do not have to send a notice of change if it favors you, such as by reducing rates, increasing the maximum credit limit, etc.
- 23. Other Agreements.** Use of your Card is subject to the terms of existing regulations governing deposit accounts and other agreements and disclosures for your checking, savings and credit card accounts, and any future changes.
- 24. Confidentiality.** The Bank and you will keep strictly confidential and will not use for any purpose whatsoever (other than for the purpose of the evaluation of this program) the entire contents of this program, including but not limited to any of the terms of, conditions of or other facts concerning the

program and any written or oral information furnished by the Bank or by you which is either nonpublic, confidential or proprietary in nature unless mutually agreed upon by you and the Bank to do so; provided, you understand and acknowledge that affiliates of the Bank and vendors of the Bank will assist in implementation, maintenance and providing of this program and therefore, for purposes of this paragraph 26, the Bank shall include all affiliates of the Bank. Information concerning the use of the Card, including details regarding each individual transaction, may be furnished by Bank to Company.

25. Indemnity. You agree to defend, indemnify and hold harmless the Bank, its officers, directors, agents and employees from and against any and all claims by third parties and all costs (including reasonable attorney's fees and costs), expenses and liabilities incurred by the Bank in connection with such claims, arising from or as a result of the establishment of the program (including, without limitation, the issuance of any Cards and/or the cancellation thereof), provided that such claims are not the result of, or connected with, the negligence, or willful misconduct of the Bank or the violation of any law or regulation relating to credit cards.

26. Miscellaneous. By signing the Application you agree that:

- When we give you notice, we may give the notice by mailing it to you at the address shown in this Application or at any address you may later give to us in writing;
- You will not assign this Agreement to any other entity or person, without our prior written consent.
- You will notify us promptly in writing of (i) your termination with your employer, (ii) any changes to your name or address, or (iii) the occurrence of any Default on your part under this Agreement.

APPENDIX B - PRICING

<ul style="list-style-type: none"> ○ Annual per card fees* <ul style="list-style-type: none"> ○ Corporate Cards 	\$30.00 (Waived if aggregate average monthly volume is ≥ \$20,000)
<ul style="list-style-type: none"> ○ Reporting fees 	\$0.00
<ul style="list-style-type: none"> ○ Late fees 	\$25.00
<ul style="list-style-type: none"> ○ Fraud protection per card 	\$0.00
<ul style="list-style-type: none"> ○ ATM fees - Domestic 	\$1.00
<ul style="list-style-type: none"> ○ ATM fees - International 	\$2.50
<ul style="list-style-type: none"> ○ Foreign exchange fee ○ Foreign exchange conversion fee (Visa/MasterCard fees) 	1.5% 1.0%
<ul style="list-style-type: none"> ○ Finance Charge - Purchase (if past due) 	Prime + 4.99% (Corporate Billing) Prime + 6.99% (Individual Billing)
<ul style="list-style-type: none"> ○ Finance Charge - Cash Advance 	18%
<ul style="list-style-type: none"> ○ Emergency Replacement Card (24 hour service) ○ Emergency Cash Advance 	Domestic Fee: \$125 International: \$165
<ul style="list-style-type: none"> ○ NSF Payment Fee 	\$15.00
<ul style="list-style-type: none"> ○ Over-the-credit-limit Fee 	\$25.00
<ul style="list-style-type: none"> ○ Copy of Sales Draft 	\$2.00
<ul style="list-style-type: none"> ○ Logo Card Fees 	\$300 (Waived for CSDA and member Districts)
<ul style="list-style-type: none"> ○ G/L Interface (For Specific Customization) 	\$1,500 (Waived if average monthly volume is ≥ \$60,000) Optional feature, payable by District if chosen
<ul style="list-style-type: none"> ○ Replacement Card Fees 	\$0.00

* Fees are always waived the first year and thereafter pursuant to Appendix A section 10.

APPENDIX C - REBATES

Bank will pay CSDA and Districts a rebate based on the formula and terms set forth herein.

Rebates are paid on the total net aggregate charge volume of CSDA and Districts for each calendar year of the Agreement. See CSDA and District Payout Sample Table below for an example of rebate calculations and payout distributions under this agreement.

CSDA and each District account must be in good standing to earn rebates. No rebates will be earned or paid on CSDA volume if CSDA was in default under this Agreement at any time during the applicable rebate year. No rebates will be earned or paid on a District's volume if the District was in default under this Agreement at any time during any applicable rebate year.

Rebates are paid yearly within thirty days after the end of each calendar year of the Agreement. In no event shall Bank pay CSDA or District a rebate for the year in which the Agreement is terminated if such termination occurs during any rebate year and such termination is not a termination at the end of such rebate year.

Cash advances and other cash transactions do not earn rebates. Fraud losses are deducted from the rebate.

The Rebate Schedule is subject to change or discontinuance if the interchange rate received by the Bank is materially reduced. Such change in the rebate schedule will not impact any rebates previously earned and Bank will provide at least 60 days notice of any such change

Bank will not pay CSDA or District a rebate if CSDA or District also participates in the Bank of the West Travel Reward program.

Rebates Schedule:

ANNUAL VOLUME		REBATE RATE*
Minimum	Maximum	
0	999,999	0.50%
1,000,000	4,999,999	0.70%
5,000,000	7,499,999	0.80%
7,500,000	14,999,999	0.90%
15,000,000	19,999,999	1.00%
20,000,000	49,999,999	1.05%
50,000,000	79,999,999	1.15%
80,000,000	Over	1.25%

* Rebate rate effective from dollar one (\$1)

If reduced interchange is received due to "large ticket transaction rates" as defined by MasterCard, Bank reserves the right to apply the Large Dollar Rebate table shown below for those "large ticket transactions."

Large Dollar Rebate Chart for Transactions of \$5,000 or More:

AVERAGE TICKET		REBATE RATE*
Minimum	Maximum	
5,000	9,999	0.35%
10,000	19,999	0.20%
20,000	29,999	0.15%
30,000	Over	0.10%

Agency Payout Sample Table

Entity	Volume	Rebate %	Payout
Agency A	400,000	0.80%	3,200
Agency B	2,000,000	0.80%	16,000
Agency C	400,000	0.80%	3,200
Agency D	1,500,000	0.80%	12,000
Agency E	600,000	0.80%	4,800
Agency F	800,000	0.80%	6,400
Total	5,700,000		45,600

RESOLUTION ___, 2014

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SADDLE CREEK
COMMUNITY SERVICES DISTRICT AUTHORIZING AGREEMENT WITH BANK OF
THE WEST TO PARTICIPATE IN THE CSDA DISTRICT PURCHASING CARD PROGRAM

WHEREAS, Credit cards and purchasing cards are mechanisms for purchasing goods and services for the convenience of the Saddle Creek Community Services District (District); and

WHEREAS, the California Special Districts Association (CSDA) has negotiated with Bank of the West to provide a Purchasing Card Program for vendor payments, purchasing, travel or fleet transactions, and

WHEREAS, the CSDA District Purchasing Card Program (Program) is available to members of the CSDA and the District is a member of the CSDA; and

WHEREAS, the Program requires an application for credit approval, a resolution by the District Governing Board, and District policy and procedures regarding the use of the credit cards; and

WHEREAS, the District has a Standard Practice of procedures for using credit cards as required by the Program,

NOW THEREFORE BE IT RESOLVED, that the Governing Board of the Saddle Creek Community Services District directs the following actions:

- a. Authorize participation with Bank of the West in the CSDA District Purchasing Card program
- b. Authorize the application to the Program for credit cards or purchasing cards;
- c. Authorize the Board President to execute any necessary agreements

BE IT FURTHER RESOLVED, that this Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED by the Board of Directors of the Saddle Creek Community Services District on August 19, 2014 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Kent Lazarus, President

Phyllis Richards, Board Secretary

Board of Directors

Saddle Creek Community Services District
Regular Meeting of August 19, 2014

AGENDA SUPPORTING DATA

8. NEW BUSINESS

- c. Approval of a Resolution establishing the Board policy on Credit Card Use

Background

The District currently uses credit cards for intermittent purchases and for travel expenses. The use of credit cards are an efficient means of making and documenting purchases, and to streamline payment of bills. So long as credit cards are paid off each month, we typically do not incur finance charges for their use.

The District currently does not have specific policy guidance in place regarding the use of District credit cards. The District does currently have a Board approved purchasing policy and credit card use procedures that have been established by management. The use of credit cards itself is not considered a risk from an audit perspective, so long as specific procedures are in place and enforced governing their use in accordance with laws and the policy of the District.

The purpose of this proposed policy is to clarify the Boards expectations with regard to use of District credit cards. This policy prescribes specific procedures for credit card use, issuance and replacement if lost, documentation of purchases, accounting and administrative responsibilities.

Recommended Motion

I move to approve Resolution ____, 2014, establishing the Board policy on Credit Card Use.

RESOLUTION ___, 2014

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SADDLE CREEK COMMUNITY SERVICES DISTRICT ESTABLISHING A POLICY ON CREDIT CARD USE

WHEREAS, clearly written policies and procedures adopted by this Board are necessary for the efficient and effective management of the affairs of the District; and

WHEREAS, attached hereto is the policy of this Board relating to the use of District Credit Cards.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the Saddle Creek Community Services District does hereby adopt and approve this policy on Credit Card Use.

BE IT FURTHER RESOLVED, that this policy shall take effect immediately upon adoption of this Resolution.

PASSED AND ADOPTED by the Board of Directors of the Saddle Creek Community Services District on August 19, 2014 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Kent Lazarus, President

Phyllis Richards, Board Secretary

Board of Directors

SADDLE CREEK COMMUNITY SERVICES DISTRICT
Policy and Procedure Manual

POLICY TITLE: Credit Card Use
POLICY NUMBER: 3145
ADOPTED:
AMENDED:

3145. Purpose

The purpose of this policy is to establish the policies and procedures for the issuance and usage of District Credit Cards.

3145.1. Policy/Procedure

3145.1.1. Purpose of District Credit Cards

District credit cards will be issued for the sole purpose of conducting the official business of the District. Credit cards will be provided to select employees for the purpose of making purchases, securing reservations, paying travel expenses, placing orders, and doing District business in the most efficient manner. The District credit card is intended to replace the use of petty cash and open purchase orders.

3145.1.2. Issuance of District Credit Cards

When a District credit card is issued, the General Manager will ask the employee to sign a form acknowledging his/her understanding of the policies and procedures for the use of the District credit card and acknowledging the receipt of the credit card.

3145.1.3. Restricted Use of the Credit Card

The following restrictions are placed on all District credit cards:

3145.1.3.1. Credit cards are issued to District employees for the sole purpose of conducting official business of the District. Improper use of a District credit card will be treated as misuse of public funds and will subject the Cardholder to disciplinary action.

3145.1.3.2. The District credit card is for the cardholder's use only.

3145.1.3.3. Cardholders must ensure that budgeted funds are available prior to making purchases. The General Manager or Bookkeeper can assist the cardholder with any needed budget information.

3145.1.3.4. The District credit card shall not be used for any of the following:

- Cash advances, wire transfers, money orders, etc.
- Betting, casino gaming, or related activities.

- Political or religious organizations.
- Personal court costs, fines, bail or bonds.
- Purchases of items for which the District has cash discount agreements, unless for an emergency situation.
- Any personal items and personal services.

3145.2. Safekeeping of the Credit Card

The Cardholder is responsible for the security of the District credit card. If a District credit card is used infrequently, such as for staff travel, the card will be safely stored and under the control of the General Manager while it is not in use, and will be signed in and out as needed.

3145.3. Credit Card Purchase Procedures

Cardholders will complete the following steps with each purchase:

- 3145.3.1.** For all orders, including mail and phone, require the vendor to provide a sales draft with pertinent information such as the vendor name, date, items purchased, and total sales. Email or fax confirmation shall be provided to the Bookkeeper upon receipt.
- 3145.3.2.** Retain the sales draft with accompanying receipt/invoice.
- 3145.3.3.** Submit any late received order confirmation receipts to the Bookkeeper on a monthly basis in conjunction with the credit card billing cycle.

3145.4. Payment of Credit Card Account

The District's Bookkeeper shall complete the following steps upon receipt of the credit card statement:

- 3145.4.1.** Balance all sales drafts to the statement, which will show all transactions made during the billing cycle. All items must be accounted for on the statement with a supporting sales draft, receipt/invoice, log entry, or order form, and district employee signature verifying receipt of all items purchased and/or billed.
- 3145.4.2.** Indicate the account number to be charged for each item by writing it on the statement, or statement recap.
- 3145.4.3.** As quickly as possible following receipt of the monthly statement, the statement will be verified, reconciled and prepared for payment. The payment will be mailed in a timely manner to avoid finance charges. The General Manager or his/her designee is authorized to arrange for automatic payment of the monthly credit card billing if all payment conditions above are met.

3145.5. Lost or Stolen Credit Card

Should a cardholder lose or have his/her District credit card stolen, it is his/her responsibility to contact the bank immediately, and notify the General Manager or Bookkeeper as well. The Bookkeeper will record the following: cardholder's complete name; District credit card number; date reported to police, if stolen; date the bank was notified, and; any purchase(s) made on the day the card was lost or stolen. A new District credit card will be provided to the cardholder as soon as possible from the time the loss or theft is reported to the bank

3145.6. Return of the Credit Card

The General Manager is responsible for retrieving the credit card when an employee separates from the District. Use of the credit card for any purpose after its surrender is prohibited.

3145.7. Responsibility Assignments

Cardholders:	Purchase supplies and services on behalf of the District in accordance with these guidelines
	Notify both the bank and the Bookkeeper if the card is lost or stolen
	Return card to the General Manager if it is not to be used for an extended period
	Provide order confirmation and verification of order receipt as quickly as possible
<hr/>	
Bookkeeper:	Review of the monthly credit card charge summary provided by the bank
	Ensure each transaction is fully documented, and ensure that the correct budget account is charged for each purchase
	Prompt payment of the monthly credit card statement
<hr/>	
General Manager	Ensure that the credit card is surrendered upon separation from the District
	Review credit card program administration for compliance with this policy

Exhibit A

Saddle Creek Community Services District

*Acknowledgment of Receipt of Credit Card and
Cardholder Agreement*

1. I acknowledge that I have received a Credit Card issued through Saddle Creek Community Services District to be used for purposes of conducting District business. I also acknowledge that I have received the District's Credit Card Policy providing guidelines for the use of this card. I agree to read the policy and abide by its procedures.
2. I understand that this card is issued as a convenience to the District and may be cancelled by the District at any time for any reason. I will not permit another person to use the Credit Card issued to me. I further understand that misuse of the card may result in discipline, up to and including termination and legal action.
3. I will be responsible for the security of the card. If lost or stolen, I will immediately notify the District's General Manager and the issuing bank.

I HAVE READ, UNDERSTAND AND AGREE TO THE CONDITIONS ABOVE:

Name of Cardholder

Signature

Date

CARD RECEIPT:

Card Account Number: _____

Date Issued to Cardholder: _____

CARD RETURN:

I hereby surrender the credit card issued to me by the Saddle Creek Community Services District. I declare that all outstanding charges on the credit card are for official District business and will be paid through established procedures.

Card Holder Name: _____

Signature/Date Returned: _____

Saddle Creek Community Services District
Regular Meeting of August 19, 2014

AGENDA SUPPORTING DATA

8. NEW BUSINESS

- d. Approval of a Resolution establishing the Board policy on Travel Expense Limitations

Background

State law is very specific with regard to approval, public reporting and reimbursement of Directors for travel expenses incurred while on District business. In addition, several past financial audits have documented potential deficiencies in our internal financial controls related to travel expenses.

This proposed policy is developed to strengthen our internal controls and at the same time provide an efficient and comprehensive guidance document for District management.

Recommendation

I move to approve Resolution____, 2014 establishing the Board policy on Travel Expense Limitations.

RESOLUTION ____, 2014

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SADDLE CREEK
COMMUNITY SERVICES DISTRICT ESTABLISHING A POLICY TRAVEL EXPENSE
LIMITATIONS**

WHEREAS, clearly written policies and procedures adopted by this Board are necessary for the efficient and effective management of the affairs of the District; and

WHEREAS, attached hereto and incorporated herein is the policy of this Board relating to Travel Expense Limitations.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the Saddle Creek Community Services District does hereby adopt and approve the attached policy on Travel Expense Limitations

BE IT FURTHER RESOLVED, that this policy shall take effect immediately upon adoption of this Resolution.

PASSED AND ADOPTED by the Board of Directors of the Saddle Creek Community Services District on August 19, 2014 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Kent Lazarus, President

Board of Directors

Phyllis Richards, Board Secretary

SADDLE CREEK COMMUNITY SERVICES DISTRICT
Policy and Procedure Manual

POLICY TITLE: Travel Expense Limitation
POLICY NUMBER: 3030
ADOPTED:
AMENDED:

3030.1. PURPOSE: To provide policy and procedures for the reimbursement of travel expenditures incurred by Directors, employees and contract employees while on District authorized business trips or at approved meetings.

3030.2. TRAVEL ELIGIBILITY:

3030.2.1. General. All travel shall be planned in the most economical way.

3030.2.2. Travel Approval:

3030.2.2.1. Budgeted. The budget shall contain a line item for Director, General Manager and Staff training and conferences. The travel expense to attend conventions, conferences, training seminars and similar meetings shall be kept to an absolute minimum and shall be limited to funds budgeted for such purpose. No more than two directors shall attend any single event unless separately approved by the Board of Directors. It is the intent of this Board to rotate attendance at such events among the Directors to the extent requested and feasible, with priority given to Board members serving in an official capacity on committees or task forces of the associations to which the District belongs. All Board member travel shall be approved by the Board of Directors on the Consent section of a meeting agenda. The Board President may give approval if time does not permit full Board approval

3030.2.2.2. Unbudgeted. When the amount budgeted for travel expenses is exceeded for the budget year, or the event proposed to be attended was not contemplated at budget preparation time, then any associated travel expense reimbursement requires prior approval of the Board of Directors.

3030.2.3. Expenses Eligible for Reimbursement:

3030.2.3.1. Conference Limitation and Reporting Requirement

3030.2.3.1.1. Subject to the above budget limitations, Board members will be reimbursed expenses for up to two multi-day conferences/seminars per calendar year including the annual California Special District Association (CSDA) conference.

3030.2.3.1.2. Directors are required by California Government Code Section 53232.3 to provide a brief oral or written report to the Board at the first meeting following the incurrence of a reimbursed expense.

3030.2.3.1.3. Staff travel shall be limited to that necessary for achieving the certifications and education necessary to competently perform the job requirements, as recommended by the Site Manager or his/her designee and approved by the General Manager.

3030.2.3.2. Transportation

3030.2.3.2.1. Mileage Expense. If a District vehicle is not available, use of a private vehicle must be authorized by the General Manager or President of the Board. Mileage reimbursement shall follow the rate per mile established by the IRS.

3030.2.3.2.2. Parking and Bridge Toll Expense. When necessary, parking or bridge tolls shall be reimbursed at actual cost. Receipts are required.

3030.2.3.2.3. Public Transportation. Use of public transportation when required shall be coach or economy class only. Receipts are required.

3030.2.3.2.4. Meals

3030.2.3.2.4.1. While attending approved District functions, the actual cost of meals shall be reimbursed up to a maximum per day in accordance with Attachment A. Receipts are required.

3030.2.3.2.4.2. The actual cost of meals incurred during business luncheons, meetings, seminars or while on promotional tours that exceed the maximum daily allowance, as specified in Attachment A, must be approved by the Board of Directors.

E CEPTI N - When attending a conference, seminar or meeting held in an area where meal expenses are customarily more than the maximum daily allowance.

3030.2.3.2.5. Lodging. The actual cost of single room occupancy shall be reimbursed up to a maximum per day in accordance with attachment A. Receipts are required.

E CEPTI N In some major cities, the limitation amount may be too low. Upon approval by the General Manager or Board President before departure, the limitation may be increased to a level of "reasonable and customary" for such a city.

E CEPTI N When attending a conference or seminar held in a particular hotel where rates are more than the maximum and convenient alternative lodging under the maximum is not available or appropriate.

3030.2.3.2.6. Conference Registration. The actual cost of registration, including meals if applicable, shall be reimbursed. Receipts are required.

3030.2.3.2.7. Other Expenses. Other expenses incurred as a direct result of the trip may be eligible for reimbursement at actual cost. Receipts are required.

3030.3. INELIGIBLE EXPENSES:

3030.3.1. Personal Expenses. The cost of personal items, including entertainment (i.e. in room movies) and alcohol, is ineligible.

3030.3.2. Other Family Members and Non District Employees. The cost of providing transportation, meals, lodging, etc., for a spouse, other family member(s) or non-District employee while traveling on official District business is ineligible.

E CEPTI N The General Manager may authorize the purchase of an occasional business related meal for non-District employees, within the limits of Exhibit A, when the employee seeking

reimbursement is conducting a working meal with others and the intent of the meal purchase is to produce a positive outcome for the District.

3030.3.3. Unreasonable Expenditures. The amount by which other eligible expenditures exceed limits herein established shall be deemed unreasonable and ineligible. It is the responsibility of every employee or Director to use good judgment when incurring expenditures while traveling on District business.

3030.4. ADVANCE REGISTRATION AND CASH ADVANCES:

3030.4.1. Advance Registration. For most seminars, conferences, etc., it is desirable to register in advance. Staff shall be responsible for making advance registrations upon receipt of an approved travel request.

3030.4.2. Cash Advance. A cash advance in an amount per day in accordance with Attachment A may be made at the request of the employee or Director when traveling overnight. A request for a cash advance must be made to the General Manager at least seven (7) working days prior to the day of departure. Cash advances will be deducted from the total reimbursement claim by the District employee or Director and such reimbursement claim must be submitted within five (5) working days of the employees or Directors return.

3030.5. REIMBURSEMENT PROCEDURE:

3030.5.1. Claim Form. A "Travel Reimbursement Claim" form must be completed and submitted, to the Bookkeeper within fifteen (15) days of return from trip.

3030.5.2. Approval. Travel expense reimbursement claims shall be submitted to the Board of Directors for approval monthly with the monthly bills.

3030.5.3. Record Keeping. The Secretary of the Board shall maintain as a public record a separate file, by year, containing the approved travel expense claims for all Board members and the General Manager.

ATTACHMENT A

TRAVEL EXPENSE, ELIGIBILITY LIMITS

Mileage: Allowance determined by Internal Revenue Service, per mile

Meals: \$60.00 maximum per day, 15% gratuity allowed in addition

Lodging: \$175.00 major city or published conference rate. Lodging for a one day conference/meeting shall be limited to one (1) night unless there are extenuating circumstances.

Cash Advance: As required.

Mileage Guidelines: Person to be reimbursed shall document the actual miles driven to and from the event and reimbursement shall be provided for the lesser of:

- a) As determined by internet map search, the round trip mileage from the District office to the event and back to the District office, or
- b) The mileage documented by the person to be reimbursed

Saddle Creek Community Services District

Regular Meeting of August 19, 2014

AGENDA SUPPORTING DATA

8. NEW BUSINESS

- e. Approval of a Resolution establishing the Board Policy on Board Member Compensation

Background

As directed during the July 15, 2014 Board meeting, attached is draft policy related to Board member compensation. The Board had previously authorized compensation to Board members in the amount of \$100 per meeting, and this proposed policy does not increase that amount; which is limited by state law.

The policy is intended to define the meetings and events for which a Board member can expect compensation, up to the maximum of \$600 per month as detailed in state law. This policy proposes payment of the \$100 for all Brown Act meetings (regular and special meetings); events, meetings of other public agencies or nonprofits and District related training, attendance at which has been preapproved by the Board. For all events other than Brown Act meetings, Board members are required to submit a brief written report.

The language in this policy defining compensable meetings is taken right out of the Government Code, and its provisions are mandatory. However, the Board can establish a rate of pay per day's service of less than the \$100. Regular meetings can be compensated differently than special meetings and different than other compensable events. In theory, the rate of compensation is intended to cover the cost, or value of the Director's time in preparing for and attending the meeting or event.

The proposed policy contains the proposed continued payment of the \$100 per meeting. The Board has the option to modify the amount at this meeting. The policy also allows for a Directors to voluntarily waive compensation due to him/herself.

Recommended Motion

I move to approve Resolution ____, 2014, establishing the Board policy on Board Member Compensation.

SADDLE CREEK COMMUNITY SERVICES DISTRICT
Policy and Procedure Manual

POLICY TITLE: Board Member Compensation
POLICY NUMBER: 4130
ADOPTED: August 19, 2014
AMENDED:

4130.1 Members of the Board of Directors shall receive compensation in an amount of one hundred dollars (\$100) for each day of service. A member of the board of directors shall not receive compensation for more than six days of service in a month.

4130.1.1 A member of the board of directors may individually waive any or all of the payments permitted by this policy.

4103.2 A “day of service” means any of the following:

1. A meeting conducted pursuant to the Ralph M. Brown Act; or
2. Attendance at other meetings and events specified below provided that the board of directors has previously approved the member’s representation at a board of directors’ meeting and that the member delivers a written report to the board of directors regarding the member’s representation at the next board of directors’ meeting following the meeting, training or public event detailed below:
 - a. Representation of the district at a public event,
 - b. Representation of the district at a public meeting or a public hearing conducted by another public agency
 - c. Representation of the district at a meeting of a public benefit nonprofit corporation on whose board the district has membership
 - d. Participation in a training program on a topic that is directly related to the district

RESOLUTION ___, 2014

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SADDLE CREEK
COMMUNITY SERVICES DISTRICT ESTABLISHING A POLICY ON BOARD MEMBER
COMPENSATION**

WHEREAS, clearly written policies and procedures adopted by this Board are necessary for the efficient and effective management of the affairs of the District; and

WHEREAS, the California Government Code Section 61047 authorizes the payment to Directors of up to \$100 per day for attendance at meetings and other approved District functions; and

WHEREAS, the Board of Directors has previously authorized payments to Directors in the amount of \$100 per meeting and herein intends to clarify and codify the eligibility requirements for receipt of the compensation in accordance with state law; and

WHEREAS, attached hereto and included in this action is the policy of this Board relating to Board Member Compensation.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the Saddle Creek Community Services District does hereby adopt and approve this policy on Board Member Compensation.

BE IT FURTHER RESOLVED, that this policy shall take effect immediately upon adoption of this Resolution.

PASSED AND ADOPTED by the Board of Directors of the Saddle Creek Community Services District on August 19, 2014 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Kent Lazarus, President

Phyllis Richards, Board Secretary

Board of Directors

Saddle Creek Community Services District

Regular Meeting of August 19, 2014

AGENDA SUPPORTING DATA

8. NEW BUSINESS

- f. Discussion/Action regarding amendment to the 2014 budget to reflect a reduction in personnel expenses and a commensurate increase in contracted services expenses

Background

The 2014 budget was adopted with the assumption that prior manager Charlie Martin would continue through the year to be paid as an employee of the District. To replace Mr. Martin, a contract was entered into between the District and Peter J. Kampa of Kampa Community Solutions, LLC. Mr. Kampa is paid as a contractor, and therefore all of the expense associated with his management services are proposed to be accounted for in a Management Fees line item, as shown in the attached Budget Revised July 15, 2014.

The Management Fee expense is proposed at \$28,500 which covers from July 15, 2014 through December 31, 2014. The Personnel Expenses, Employee Wages line item in the approved 2014 budget was \$310,000. This amount is reduced in the Revised 2014 Budget proposed to \$281,500, a \$28,500 reduction. The bottom line of the budget does not change, with budgeted personnel expenses simply being reclassified as Management Fees.

Recommended Motion

I move to approve the amended 2014 Budget dated July 15, 2014 as presented.

SADDLE CREEK COMMUNITY SERVICES DISTRICT
APPROVED FY 2014 BUDGET-EXHIBIT "A" Page 1 of 2
REVISED 07/15/2014

FY 2014 Approved Budget (Operational Expenses, Personnel & Capitol Outlay)	\$580,780
FY 2014 Projected General Fund Balance (Unassigned Funds):	
Stabilization Funds (Internal Info Only)	\$48,398
Other Unassigned Funds (Internal Info Only)	\$235,910
Total Unassigned Funds	\$284,308

FY 2013 Actual Beginning Balance	\$280,286	FY 2013 Actual Assessment Revenue	\$550,236	FY 2013 Actual Expenditures	\$544,498
FY 2014 Actual Beginning Balance (3)	\$304,035	FY 2014 Projected Assessment Revenues	\$561,053	FY 2014 Projected Total Funds Available	\$865,088

<u>OPERATIONAL EXPENSES</u>	(Approved) <u>2013</u>	Actual <u>FY 2013</u>	Approved <u>FY 2014</u>
Audit Expenses	\$7,500	\$7,500	\$7,500
Accounting & Bookkeeping	\$5,000	\$6,152	\$6,000
Misc. Fees (Notary/Bonds/etc.)	\$700	\$936	\$1,000
Legal Expenses	\$1,500	\$406	\$1,500
Management Fees	\$0	\$0	\$28,500
Insurance (Property Loss/Liability)	\$7,000	\$6,065	\$8,000
Miscellaneous/Contingency	\$5,000	\$4,746	\$5,000
Professional Development (Travel/Training)	\$5,000	\$4,816	\$5,000
Dues, Certificates & Subscriptions	\$4,000	\$3,476	\$4,000
Uniform Expenses	\$1,600	\$1,555	\$1,600
Electric Power/Water/Sewer	\$5,000	\$4,826	\$5,000
Telephone Service	\$5,000	\$4,412	\$5,000
Internet Service	\$1,200	\$1,111	\$1,200
Office Supplies/Postage	\$4,500	\$4,395	\$4,500
Office Equipment Repair/Replacement	\$2,300	\$2,277	\$2,300
Gate Maintenance & Opener Purchase	\$16,500	\$16,922	\$4,000
Streets, Sidewalks & Lighting Maintenance	\$8,300	\$7,416	\$13,500
Landscape Supplies & Repairs	\$21,000	\$20,566	\$21,000
Landscape Equipment Repair/Replacement	\$16,583	\$16,270	\$16,500
Lease/Purchase Tractor	\$3,909	\$3,127	\$0
Landscape Equipment Gas & Oil	\$7,000	\$6,933	\$7,000
Mosquito Control Products	\$11,000	\$10,970	\$13,500
Mosquito Abatement Monitoring & Testing	\$2,800	\$1,697	\$3,000
Mosquito Abatement Vehicle Gas & Oil	\$13,000	\$11,423	\$13,000
Mosquito Abatement Vehicle Maintenance	\$5,000	\$5,059	\$5,000
County Fees/LAFCO (1)	\$0	\$6,006	\$6,500
Reimbursable Maint/Repair Expense (2)	\$0	\$10,534	\$0
Total Operational Expenses	\$160,392	\$169,596	\$189,100

- (1) County Fees/LAFCO deducted directly from Assessments.
(2) Reimbursements paid or due to be paid by Castle & Cooke.
(3) Beginning balance includes Misc. Income (Reimbursements/Fees & Interest).

Saddle Creek CSD
FY 2014 Approved Budget/Exhibit "A" Page 2 of 2

<u>Personnel Expenses</u>	(Approved) <u>2013</u>	Actual <u>FY 2013</u>	Approved <u>FY 2014</u>
Workers' Compensation Insurance (13)	\$15,500	\$10,381	\$16,000
Health Insurance (6)	\$57,000	\$44,897	\$58,780
Payroll Taxes (13)	\$27,000	\$25,968	\$28,000
Processing Fees (13)	\$1,400	\$1,366	\$1,400
Directors' Stipend (5)	\$6,000	\$5,600	\$6,000
Employee Wages (8)	\$309,500	\$273,455	\$281,500
<u>Total Personnel Expenses:</u>	<u>\$416,400</u>	<u>\$361,667</u>	<u>\$391,680</u>

- * Annual employee merit increases (step raises) are reflected.
- * Cost of living increases are reflected.
- * Includes IRA contribution for Maintenance Manager (\$3500) & Maintenance Supervisor (\$3000) - adjusted FY 2014.
- * Directors, General Manager & CSD Clerk/Treasurer do not receive Health Insurance Benefits.

<u>Capital Outlay</u>	(Approved) <u>2013</u>	Actual <u>FY 2013</u>	Approved <u>FY 2014</u>
2" SDS Max Rotary Hammer with attachments	\$1,350	\$1,349	\$0
Workman MDX Cart	\$12,500	\$11,886	\$0
<u>Total Capital Outlay</u>	<u>\$13,850</u>	<u>\$13,235</u>	<u>\$0</u>

Exhibit "B"

SADDLE CREEK COMMUNITY SERVICES DISTRICT
FY 2014 EMPLOYEE CLASSIFICATION & SALARY SCHEDULE

<u>Employee Classification</u>	<u>FY 2014 Salary Schedule</u>
(5) Directors (Elected)	\$100 per Board Meeting Attended
(1) General Manager	\$57,881 Annually
(1) CSD Clerk/Treasurer	\$12.00 Hourly

FY 2014 SALARY SCHEDULE

<u>Employee Classification</u>		(Step 1) <u>Start</u>	(Step 2) <u>After 1 Yr.</u>	(Step 3) <u>After 2 Yrs.</u>	(Step 4) <u>After 3 Yrs.</u>
(1) Maintenance Manager	(A)	\$66,500	\$70,000	\$73,500	\$77,175
(1) Maintenance Supervisor	(A)	\$38,367	\$40,559	\$42,752	\$44,944
(1) Landscape Maint. II	(H)	\$15.23	\$16.28	\$17.33	\$18.38
(3) Landscape Maint. I	(H)	\$11.03	\$12.08	\$13.13	\$14.18
(0) Part-Time Maint. I	(H)	\$11.03	N/A	N/A	N/A

(A)=Annual Salary (H)=Hourly Salary

- a) Health Insurance Benefits are provided to the following Employee Classifications after completion of 90 days full time employment with the District; 1) Maintenance Manager, 2) Maintenance Supervisor, 3) Maintenance II and 4) Maintenance I. The District does not pay for Health Insurance Coverage for 1) Employee Dependents, 2) Directors, 3) the General Manager, 4) the CSD Clerk/Treasurer or 5) Part-Time Employees.

- b) Upon completion of each full calendar year of employment with the District in the position of Maintenance Supervisor, the District provides a \$3,000 IRA contribution. This benefit is paid during the month of January in the year following each full calendar year of employment. All payroll costs associated with this benefit are borne by the District.

- c) Upon completion of each full calendar year of employment with the District in the position of Maintenance Manager, the District provides a \$3,500 IRA contribution. This benefit is paid during the month of January in the year following each full calendar year of employment. All payroll costs associated with this benefit are borne by the District.

- d) The Part-Time Maintenance I position is filled only when necessary to provide an adequate level of service during times when full time positions are vacant.

- e) Saddle Creek CSD meets on the third Tuesday of each month. Directors receive a stipend of \$100 for attending the meeting. Directors who miss a meeting are not compensated. The annual stipend for a director who attends all CSD meetings is \$1,200.

Exhibit "C"

SADDLE CREEK COMMUNITY SERVICES DISTRICT
FY 2014 BUDGET CATEGORY IDENTIFICATION
(Operational Expenses & Capital Outlay)

Operational Expenses

- OE 01/Audit: Costs for annual independent audit of District Finances.
- OE 02/Bookkeeping: Cost for accounting and bookkeeping services.
- OE 03/Misc. Fees: Cost for notary/bonds/online backup/etc.
- OE 04/Legal Expenses: Cost for CSD Attorney and other legal professionals.
- OE 05/Management Fees: Cost for monthly mangement services
- OE 06/Insurance: Cost for SDRMA property loss & liability insurance.
- OE 07/Contingency: Funds available to GM for unanticipated District expenses.
- OE 08/Professional Development: Cost for business related meetings, travel & meal expenses.
- OE 09/Dues, Certifications & Subscriptions: Cost for professional dues, certifications, etc.
- OE 10/Uniform Expense: Cost for uniform purchase.
- OE 11/Electric/Water/Sewer: Cost for PG&E/CCWD services to facilities under District control.
- OE 12/Telephone Service: Cost for all District landline and cell phones.
- OE 13/Internet Service: Cost for Caltel Internet service.
- OE 14/Office Supplies: Cost for purchase of office supplies and mailings.
- OE 15/Office Equipment: Cost for purchase and maintenance of office equipment.
- OE 16/Gate maintenance: Cost for gate maintenance/repair and opener purchase.
- OE 17/Street & Gate Lighting: Cost for maintenance and repair of lighting under District control.
- OE 18/Landscape Supplies/Repairs: Cost for landscape supplies, repairs, etc.
- OE 19/Landscape Equipment Repair: Cost for maintenance and replacement of landscape equipment.
- OE 20/Tractor Lease/Purchase: Lease purchase payment for tractor.
- OE 21/Landscape Equipment Gas/Oil: Gas & oil for landscape equipment tools/vehicles.

Exhibit "C"

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Operational Expenses

- OE 22/Mosquito Control Products: Cost of chemicals, supplies and employee after-hour meals for mosquito abatement operations.
- OE 23/Mosquito Monitoring & Testing: Cost for testing of mosquitos/birds and sentinel chicken flock.
- OE 24/Mosquito Vehicle Gas & Oil: Cost of gas and oil for mosquito abatement operations.
- OE 25/Mosquito Abatement Maintenance: Cost for maintenance/repair of abatement vehicles/equipment.
- OE 26/County Fees/LAFCO

Capital Outlay

- CO-1 2" SDS Max Rotary Hammer with Attachments
- CO-2 Workman MDX Cart