

WALLACE COMMUNITY SERVICES DISTRICT

P.O. Box 398, Wallace, CA 95254 209 763-2882

MARK FUSSELMAN'S BARN
9500 WALLACE LAKE DRIVE, WALLACE CA

November 19, 2009

7:00 PM

REGULAR MEETING OF THE BOARD OF DIRECTORS MEETING NOTICE & AGENDA

CALL TO ORDER AND ROLL CALL

Directors: Mark Fusselman, Charles Cantoni, Richard Guantone, William Pugh, and David Reyner
General Manager: Reid Johnson
Secretary, Treasurer: Reid Johnson

REGULAR AGENDA

1. APPROVAL OF MINUTES

Approval of the minutes of the Adjourned Meeting of the Board of Directors of October 19, 2009.

2. APPROVAL OF BILLS FOR PAYMENT

Approval of bills for payment and inter-fund transfers.

3. PUBLIC COMMENTS

The public may address the Board on any matter within the District's jurisdiction that is not on the Agenda. The public may comment on any item on the Agenda before or during the time the matter is considered by the Board of Directors. No action can be taken on matters not listed on the agenda. Comments may be limited to five minutes per person / twenty minutes per subject.

4. REPORT ON MEETING WITH THE CALAVERAS COUNTY GRAND JURY COMMITTEE ON PLANNING AND THE ENVIRONMENT

Report on meeting held on October 22, 2009, attended by R. Johnson and C. Cantoni

5. POLCY 7065 – INTER-FUND TRANSFERS

Discussion and possible action on adoption of proposed Policy 7065 – Inter-Fund Transfers.

6. EMPLOYMENT CONTRACT – GENERAL MANAGER

Discussion and possible action on amending the employment contract with GM Reid Johnson, purpose to clarify lines of responsibility for insurance purposes and to clarify WWTP license requirements. Includes discussion and possible action on retaining David Edwards on a consulting basis and another person as contingent operator.

CLOSED SESSION

7. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9 of the Brown Act: one case concerning John Boyd's Demand Under California's Tort Claims Act. **(THIS ITEM IS CONTINUED TO THE NEXT MEETING OF THE BOARD OF DIRECTORS).**

This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans With Disabilities Act of 1990 (42 U.S.C 12132) and the Ralph M. Brown Act (California Government Code 54954.2) Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact WCSD at (209) 763-2882 during regular business hours, at least forty-eight hours prior to the time of the meeting.

This agenda and other writings that are provided to Board members relating to open meeting agenda items and that are disclosable public records under the California Public Records Act, including those provided less than 72 hours prior to the meeting, are viewable at the District's Office at 100 Wallace Lake Drive South. Copies can be made available for a charge of \$0.15 per page. You are advised to call 763-2882 prior to viewing as the office is not open on a full time basis.

OPEN SESSION

8. MOKELUMNE OAKS DEVELOPMENT (Continued from October 19, 2009)

Continued discussion and possible action on whether to approve a request by the Mokelumne Oaks Development owner, Purisima Ridge Partners, LLC, to have the Mokelumne Oaks Will Serve Agreement 2004-01 reinstated and extended. Includes consideration of annexation status and terms important to the District on this matter.

9. REMAINDER PARCEL DEVELOPMENT (Continued from October 19, 2009)

Discussion and possible action on a request by Pinnacle Land Ventures, LLC for time extension of the Will Serve Agreement for the Remainder Parcel Project (WCSD Will Serve 2005-1, as amended).

10. REPORT ON RESULTS OF SAFETY INSPECTION BY SDRMA

A safety review and inspection by SDRMA on October 30, 2009 resulted in needed action items. Report and possible action on mandatory items.

11. NEW WATER LEGISLATION JUST RELEASED BY THE CA DEPT. OF WATER RESOURCES

This summary is provided for board members and the public. Includes a requirement for 20% water conservation by the year 2020.

12. GENERAL MANAGER'S REPORT

Report by Reid Johnson.

13. PRESIDENT'S REPORT

Report by M. Fusselman.

14. COMMITTEE REPORTS

- a. **Finance** - R. Guantone/C. Cantoni
Review of finances for the period ending October 31, 2009.
- b. **Lake & Open Space** – D. Reyner
- c. **Gates & Roads** - W. Pugh

15. CORRESPONDENCE

16. DIRECTOR'S COMMENTS

17. AJOURNMENT TO SPECIAL MEETING OF DECEMBER 4, 2009

This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans With Disabilities Act of 1990 (42 U.S.C 12132) and the Ralph M. Brown Act (California Government Code 54954.2) Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact WCSD at (209) 763-2882 during regular business hours, at least forty-eight hours prior to the time of the meeting.

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WALLACE COMMUNITY SERVICES DISTRICT

P.O. Box 398 Wallace, CA 95254 209 763-2882

ADJOURNED MEETING, Board of Directors

Minutes

Monday, October 19, 2009

Mark Fussleman's Barn, 9500 Wallace Lake Drive, Wallace CA 95254

CALL TO ORDER AND ROLL CALL

This adjourned meeting (notice provided per Section 54955 of the Brown Act) originally scheduled as a regular meeting on October 15, 2009, was called to order at 7:02 PM by Board President Mark Fussleman. Present were directors Mark Fussleman, Charles Cantoni, William Pugh and David Reyner. Also present was General Manager and Secretary/Treasurer Reid Johnson. Director Richard Guantone was absent.

REGULAR AGENDA

1. APPROVAL OF MINUTES

The board voted to approve the minutes of the Regular Meeting of September 17, 2009 and the Special Meeting of September 22, 2009, with a couple of minor corrections.

Motion: Cantoni

Second: Pugh

Passed: 4-0-0-1

2. APPROVAL OF BILLS FOR PAYMENT AND APPROVAL OF TRANSFERS

The board voted to approve payment on check numbers 4351 through 4378 for a total amount of \$19,710.73.

Motion: Cantoni

Second: Pugh

Passed: 4-0-0-1

Fund transfers were discussed. Mr. Cantoni presented a memo noting that funds in the Water CICF Fund were not sufficient to pay for the retrofit of wells 2 and 3. As of the end of August, 2009, \$8,000 was paid by the General Fund and \$8,370 was paid by (transferred from) the Water CICF fund. The Water CICF Fund therefore owes the General Fund \$8,000. At the end of the quarter, the budget includes a plan to transfer \$3,750 from the General fund to the Water CICF. It was proposed that the Board approve the transfer, leaving a balance due the General fund of \$4,250. The motion carried.

Motion: Cantoni

Second: Pugh

Passed: 4-0-0-1

The budget also calls for quarterly transfers of \$3,750 from the General fund to the Repair & Maintenance Reserve. The R&M Reserve has a billing for September to cover inspection and cleaning of the water tanks, in the amount of \$5,750. It was proposed and approved to transfer the difference (\$5,750 minus \$3,750 = \$2000) from the R&M Reserve to the General fund.

Motion: Cantoni

Second: Pugh

Passed: 4-0-0-1

3. PUBLIC COMMENTS

Ms. Neill questioned the method of adjourning the Regular meeting to the new date of October 19, 2009. Mr. Cantoni explained that the process was done per the instructions of District legal counsel.

Mr. Al Ruosan provided a letter to the editor from a Greenhorn Creek resident complaining about the price of LPG.

Mr. Howen commented that he was told a resident confronted some people fishing on the back side of the lake. They were asked who gave them permission, they said " the water guy " said it was okay. The people were told they were trespassing and asked to leave. The new GM Reid Johnson said he has never given anyone permission to use the lake. Mr. Howen stated that no one is allowed on Wallace Lake Estates property, unless they are residents or guests of a resident.

4. GENERAL MANAGER'S REPORT

GM Reid Johnson reported that average water production for September was 78,500 gallons per day.

Her also reported that all the water samples were taken in accordance with the sampling plan and all the test results met drinking water standards and the report for well #3 has been completed and submitted to CDHP. Mr. Johnson also talked about the federal groundwater rule that is being implemented by California. This requires wells to sampled and tested whenever there is a coliform positive in the distribution system. The coliform sampling plan was revised to include the operating wells as repeat samples if a coliform positive occurs. The plan was submitted to the CDHP to meet the regulatory requirement.

Average wastewater treatment for September was 14,250 gallons per day.

Mr. Johnson reported that the trickling filters in the wastewater treatment plant are old and leaking. There is no room to do repair work. He and Mr. Cantoni met with Engineer Gary Ghio to discuss a modification of the building. He recommended that the Board approve a design tas for Mr. Ghio, for a cost of \$1,000.00 to design a building modification.

Mr. Johnson reported that the monthly reports with the required weekly sampling and testing data were submitted for the wastewater plant. He also reported that the wastewater plant only has one air blower, which is old and a critical piece of equipment. If the blower fails the aerobic bacteria that process the waste would die, the wastewater would become septic and there would be major problems. He said most treatment plants have back up for critical pieces of equipment, including pumps and blowers. He recommended installing a second blower and will get bids to submit to board at the next meeting.

Reid Johnson spoke about his operator's license for the wastewater plant. He said he will be completing the correspondence course by February and apply for the exam in April. In the interim Mr. Johnson will be working as an OIT, with David Edwards holding the wastewater treatment license.

There was discussion about cleaning out the trees and vegetation from the wastewater pond. Mr. Johnson said he would get a bid for the work and present it at the next board meeting.

Mr. Johnson reported that he had received two bids for crack sealing of the streets. Both require further investigation as to what is covered at what cost.

5. PRESIDENT'S REPORT

President Fusselman spoke about the need to make sure we are in compliance with the licensing at the wastewater plant.

6. COMMITTEE REPORTS

a. Finance - R. Guantone/C. Cantoni

Mr. Cantoni gave a brief overview of the financial report for the period ending September 30, 2009. The report covers the first quarter of FY 2010. Revenues were slightly above the 1st quarter last year at \$62,040. He stated that expenses continue to run above budget due mainly to the well #3 repairs encountered in July of this year.

Mr. Cantoni presented a table that showed the level of the various reserves, as compared to last year. The quarterly financial report included statements of income for the month and quarter, and the balance sheet for the period ending September 30. Graphs showing the income and expenses vs. budget were included. The Quarterly financial report will be kept on file at the District Office, per CSD law.

b. Lake & Open Space - D. Reyner

Board member David Reyner gave a slide show presentation and handed out pamphlets giving an overview of the plant and animal life in our eco system. Mr. Reyner stated that he will begin work on a three to five year plan for care of the lake and open space areas.

c. Gates - W. Pugh

There was no discussion on gates and roads.

7. WELL 3 OPERATION AND ITS EFFECT ON OTHER WELLS

Mr. Cantoni presented a Memo for the Record regarding the operation of Well 3 and possible interactions with the Fusselman's well on the adjoining property. The memo notes that some air problems occurred at the Fusselman well at a time when Well 3 was not in operation. The memo concludes with the statement that the events seem to indicate that, aside from past experiences with Well 3 running, Mark may also have a potential problem with his well, which is independent of Well 3 operation.

Mr. Fusselman, speaking as the owner of the well in discussion, questioned the validity of the conclusion. He stated that it was his impression that well 3 was running during the time in question. This contradicts the observation made by GM Johnson that the valve on the well was closed. This issue could not be resolved. Mr. Fusselman also stated that he had contracted with a well firm to measure the depth of the aquifer level at his well, to compare against the initial level observed when the well was last set into operation. The measurements indicated that the

aquifer level had decreased over the 13 year period, by approximately 50 feet. It was suggested that these measurements be provided for the District files.

8. REWARD FOR INFORMATION

Director Bill Pugh discussed offering a \$1,000.00 reward for information leading to the arrest and conviction of the person or persons responsible for shooting and killing a deer in Wallace Lake Estates. Board President Fussleman suggested that this information go out to every resident as well as posting it at the Post Office. It was also suggested the code covering discharging a firearm in a residential area be included on the reward poster. The motion was approved by the board.

Motion: Pugh

Second: Cantoni

Passed: 4-0-0-1

9. REQUEST FOR REFUND BY JOHN BOYD

Mr. John Boyd had requested, by letter, a return of his \$12,000 contribution to the Repair and Maintenance reserve. The contribution was a stated term in a modification to the Will Serve Agreement covering four lots on Wallace Lake Drive South, signed by Mr. Boyd and the district. Mr. Boyd's request is based on his assertion that utility connections to the four lots did not require access to utility lines within Wallace Lake Drive South. Director Cantoni pointed out that GM David Edwards had worked with the contractor in established ways of routing utilities to the lots without disturbing the street, except for work that PG&E did. PG&E provided a letter stating that they would have eventually had to access lines within the street to correct a design problem that occurred when the original power lines and transformers were installed in the development.

Mr. Robert Closson appeared before the Board, stating that he represented Mr. Boyd, and urged the Board to act on the request. After lengthy discussion a motion was made to continue the item to the next regular meeting of the Board so that more information can be gained on the PG&E access to power line(s) in the street.

Motion: Cantoni

Second: Pugh

Passed: 4-0-0-1

10. MOKELUMNE OAKS DEVELOPMENT (Continued)

This item, which is a request for reinstatement and extension of the Mokelumne Oaks will serve agreement by Andrew Kampe was continued to the next regular meeting of the Board.

11. SEWER PLANT BUILDING MODIFICATION

GM Reid Johnson and Chuck Cantoni met with Gary Ghio, district engineer to discuss an economical approach to constructing the building addition at the wastewater plant. Gary Ghio offered to design the building and provide the district with drawings sufficient for the WCSD to construct the building at a cost of \$1,000.00. The board voted to approve based on the estimate.

Motion: Cantoni

Second: Pugh

Passed: 3-0-1-1

12. REMAINDER PARCEL DEVELOPMENT

This item, which is a request for extension of the Remainder Parcel Will Serve Agreement by John Reynen was continued to the next regular meeting of the Board.

13. CORRESPONDENCE

There was no correspondence.

14. DIRECTOR'S COMMENTS

There were no director's comments.

15. ADJOURNMENT TO REGULAR MEETING OF NOVEMBER 19, 2009

Upon motion duly made and seconded, the board voted to adjourn the meeting to the next regular meeting of November 19, 2009.

Motion: Fussleman

Second: Reyner

Passed: 4-0-0-1

DRAFT MINUTES

Respectfully Submitted,

T. Jones, Administrative Assistant

Mark Fussleman, President

**Wallace Community Services Dist
General Bank Acct- Ledger
As of November 14, 2009**

Date	Num	Name	Name Address	Memo	Debit	Credit	Balance
10/17/09		Bank of the West-General Acct					-1,544.88
10/19/09		Deposit		Deposit	5,587.33		4,022.45
10/19/09		Fund Transfer		Q-1 Contribut...		3,750.00	272.45
10/19/09		Fund Transfer		Aqua Video b...	5,750.00		6,022.45
10/19/09		Fund Transfer		Q-1 Contribut...		3,750.00	2,272.45
10/20/09		Deposit		Loan Installm...	3,750.00		6,022.45
10/24/09		Deposit		Deposit	1,508.15		7,531.60
10/31/09		Return Check		Deposit	3,482.83		11,014.53
10/31/09		Deposit		014301		217.71	10,796.82
10/31/09		Deposit		Deposit	1.91		10,798.73
11/2/09		Return Check		Deposit	2,847.47		13,746.20
11/2/09		Deposit		010700		154.00	13,592.20
11/10/09		A T & T		Deposit	535.69		14,127.89
11/13/09	4379	Bank of the West - Payroll Acct.	Payment Center Sacramento, CA 95887-0...	Deposit	3,007.64		17,135.53
11/13/09	4380	Barbara Kascht (Reimburseme...	13299 E Highway 88 Lockeford, CA 95237	209-783-2882		97.57	17,037.96
11/13/09	4381	Big Valley Printing	P O Box 238 Linden, CA 95236	Payroll Trans...		2,000.00	15,037.96
11/13/09	4382	BSK & Associates, Inc.	P O Box 9190 Stockton, CA 95208	Reimburseme...		6.53	15,031.43
11/13/09	4384	Calaveras Power Agency	567 W Shaw, Ste C1 Fresno, CA 93704	Inv 17731	291.15		14,740.28
11/13/09	4385	Campora Propane Service	891 Mountain Ranch Rd Government Cent...	Project E031...	1,470.00		13,270.28
11/13/09	4386	Charles Cantorri (Reimburseme...	P O Box 478 Angels Camp, CA 95222	2185	730.54		12,539.74
11/13/09	4387	Hoch Company	P O Box 444 Wallace, CA 95254-0444	Acct.75516	10.00		12,529.74
11/13/09	4388	JOL Enterprises, LLC	2207 Collectors Center Dr Chicago, IL 60...	Prevention P...	634.42		11,895.32
11/13/09	4389	LawnsHark	Reid Johnson 2817 Veneman Avenue Mod...	Inv. 6442019	102.28		11,793.04
11/13/09	4390	Massey-Reyner Publishing	P.O. Box 115 Wallace, CA 95254	October Con...	5,500.00		6,293.04
11/13/09	4391	Mike Haney	P.O. Box 323 Wallace, CA 95254	Wallace Lak...	155.00		6,138.04
11/13/09	4392	Mobile Storage Group	P.O. Box 563 Wallace, CA 95254	Wallace Lak...	15.00		6,123.04
11/13/09	4393	Neumiller & Beardlee Inc	P.O. Box 79149 Phoenix, AZ 85062-9149	Architectural ...	63.20		6,059.84
11/13/09	4394	P G & E	P O Box 20 Stockton, CA 95201-3020	Customer #8...	91.93		5,967.91
11/13/09	4395	S & K Automatic Gate & Door	Post Office Box 987300 Sacramento, CA 9...	91994	990.00		4,977.91
11/13/09	4396	Sierra Chemical Co	18194 Berry Lane Sonora, CA 95370	8803857184-6	335.64		4,642.27
11/13/09	4397	State Board of Equalization	P O Box 50730 Sparks, NV 89435-0730	Inv. 3149	725.00		3,917.27
11/13/09	4398	Tamura Jones (Reimbursements)	P O Box 1268 Jackson, CA 95642	Inv. 192454	340.13		3,577.14
11/13/09	4399	Weber, Ghio & Associates Inc	P O Box 942878 Sacramento, CA 94278-6...	WAL2	1,116.00		2,461.14
11/13/09	4400	DAE Engineering	P.O. Box 482 Wallace, CA 95254	094-011436	107.82		2,353.32
11/14/09	4401	Total Bank of the West-General Acct	P O Box 251 San Andreas, CA 95249	Printer toner/...	565.98		1,787.34
			David Edwards 228 Commercial Street #40...	Inv. 25417 & ...	975.80		811.74
				November se...	500.00		311.74
					26,552.12	24,695.50	311.74
					26,552.12	24,695.50	311.74

Check Run of 11/19/2009					
Check No	Payee	Date	Amount	Details	
4379	A T & T	11/13/2009	97.57	Phone	
4380	Bank of the West - Payroll Acct	11/13/2009	2,000.00	Payroll transfer	
4381	Barbara Kascht (Reimbursements)	11/13/2009	6.53	Banker's boxes for audit	
4382	Big Valley Printing	11/13/2009	291.15	WCSD logo window envelopes	
4383	BSK & Associates, Inc.	11/13/2009	1,470.00	Groundwater Monitoring	
4384	Calaveras Power Agency	11/13/2009	730.54	Electric for plants and wells - 2 months	
4385	Campora Propane Service	11/13/2009	10.00	LPG	
4386	Charles Cantoni (Reimbursements)	11/13/2009	834.42	Prevention Program, backup swc, toner, lattice, fuel, road maint	
4387	Hach Company	11/13/2009	102.28	Testing supplies	
4388	JOL Enterprises, LLC	11/13/2009	5,500.00	October contract services for Reid Johnson	
4389	Lawnshark	11/13/2009	155.00	Architectural Committee - lawn care service	
4390	Massey-Reyner Publishing	11/13/2009	15.00	Residential / business directory	
4391	Mike Haney	11/13/2009	63.20	Architectural Committee - P. O. Box fee & postage	
4392	Mobile Storage Group	11/13/2009	91.93	Tool storage	
4393	Neumiller & Beardslee Inc	11/13/2009	990.00	WCSD general incl. agenda & contract, Reynen (reimbursable)	
4394	PG & E	11/13/2009	335.64	Streetlights, gate & pump station Electric	
4395	S & K Automatic Gate & Door	11/13/2009	725.00	Service call, labor & V-wheels for main gate, near gate test	
4396	Sierra Chemical Co	11/13/2009	340.13	Chlorine for WWTP	
4397	Sierra Foothill Lab Inc	11/13/2009	1,116.00	Lab testing, water & sewer	
4398	State Board of Equalization	11/13/2009	107.82	Water rights assessment	
4399	Tamara Jones (Reimbursements)	11/13/2009	585.96	Printer toner/drum, paper, postage, stamps, locks, mileage	
4400	Weber, Grio & Associates Inc	11/13/2009	975.80	Water system & Sterling Builders/John Boyd (reimbursable)	
4401	DAE Engineering	11/14/2009	500.00	November services	
			\$16,823.79		

WALLACE COMMUNITY SERVICES DISTRICT

Memo for the Record

Establishing a loan of funds from the WCSD General Fund to the WCSD Water Reserve

September 17, 2009

At the September 17, 2009 Board of Directors meeting, the Board approved a transfer of \$8,000.00 from the County General Fund to the Bank of the West Checking account to cover a portion of an invoice due from Moorman, Inc. for Capital Improvements to Wells 2 and 3 – total amount of the invoice was \$16,370, of which \$8,370 was paid from Water Reserve funds by transfer from the Water Reserve to the Bank of the West Checking account.

This constitutes a loan from the General Fund to the Water Reserve, that must be paid back over time.

Loan Amount:	\$8,000.00
Recipient:	Water Reserve
Source:	County General Fund
Date Approved:	September 17, 2009
Interest Rate:	0.5 % per month, compounded monthly
Installments Due:	
October 17, 2009:	\$3,750.00
January 17, 2010:	\$3,750.00
April 17, 2010:	\$500.00 plus accrued interest


WCSD Finance Committee

WALLACE COMMUNITY SERVICES DISTRICT

Memo for the Record

Regarding Transfers to Reserves at the End of Q-1, FY 2010

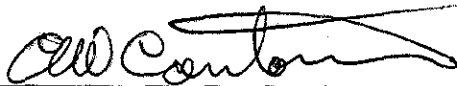
November 19, 2009

At the October 19, 2009 meeting of the Board of Directors, transfers to reserves were approved by the Board of Directors. Per the FY 2010 Budget and Capital Improvements Plan \$15,000 is to be transferred from Water Operations to the Water Reserve Fund, \$15,000 is to be transferred from the Sewer Operations to the Repair and Maintenance Reserve, and \$20,000 is to be transferred from the Roads & Other Operations to the Repair and Maintenance Reserve. All figures are for annual contribution.

As required by WCSD Policy 7060 which stipulates that such transfers are to be made quarterly, if approved by the board, the Board approved the following transfers:

1. \$3,750 transfer from the Water Operations to the Water Reserve Fund.
2. \$3,750 transfer from the Sewer Operations to the Repair and Maintenance Reserve.

Note that $\frac{1}{4}$ of the \$20,000 annual Road contribution to the Repair and Maintenance Reserve was not approved since Road funds from the Special Assessment are not received until December.



WCSD Finance Committee

To: board of Directors
From: C. Cantoni/Reid Johnson
Date: October 29, 2009
Subject: Report, Meeting with Grand Jury Committee

Grand Jury members have been to the last 2 or 3 board meetings. Pat Emerson is the chair of the Planning & Environment Committee of the Grand Jury. She called, asking that we show up for a meeting on October 22, 2009 at the grand jury room in San Andreas. That was set up on the 12th.

Reid and I went to San Andreas on the 22nd and met with 4 members of the committee. While Pat had asked that we cover the Organization Chart, Accounting function, Funding and Reporting, when we got there they just had questions relating to the meetings they attended. The following comments are from my notes. They should note be taken as quotes from the grand jury committee.

1. From the last meeting attended, thought we should have a Policy on inter-fund loans. I explained we go by State law - they stated it would be good to also have our own policy so that future board members would not lose track. We agreed - we will have a policy to approve at the next meeting.
2. We talked about the STEP/STEG system and tertiary treated water. They said EBMUD has an excellent discussion of that (purple pipe water use) on their web site.
3. They asked about the use of the barn for meetings. Is there a written agreement? Is there compensation? Told them to our knowledge, no written agreement, use goes back to tradition of Jimmie Winchell. They suggested we should look at that from the insurance viewpoint. We agreed we would.
4. Discussed check approval process, and details we provide to the directors.
5. They asked about appointment of Reid Johnson as Secretary Treasurer. Worried it was not on the agenda. We reviewed the meeting agenda and agreed it was covered.
6. They suggested we make sure the wording on employment agreements is correct from the liability insurance viewpoint. Suggested we check with SDRMA on that. We agreed.
7. They observed the hostile environment at board meetings. Wanted to know why. We explained some of the disagreements in the past over spending, growth, employment.
8. Left them with copies of the Board Book, Annual Service Plan, Policy book, last three audits, and agendas and minutes for meetings in 2009.

Wallace Community Services District

POLICY HANDBOOK

POLICY TITLE: Inter-Fund Transfers
POLICY NUMBER: 7065

7065.1 General

State law regarding the establishing and funding of reserves is contained in California Code Chapter 249, Section 61112. This document provides procedures to be followed by the Wallace CSD in maintaining the reserves (funds) and inter-fund transfers.

7065.2 Funding

The District maintains reserves as described in Policy 7060, Finances of the District. Per Sections 6112 (a) and (b) of the California Code, the reserves are maintained for specific purposes and may be funded by action of the Board of Directors (".... the board of directors may transfer any funds to that designated reserve.").

7065.3 Temporary Transfers from Reserves

Per Section 61112. (d) of the California Code, the board of directors may temporarily transfer funds from one of the designated reserves to the general fund in case of an emergency. In such case, the board of directors shall restore these funds to the designated reserves when feasible.

7065.4 Temporary Transfers to Reserves

By this policy, the board of directors may also make temporary transfers of funds from the General Fund to any reserve, should that reserve have insufficient funds to finance needed capital improvements or other expenditures. In such case, the board of directors shall restore these funds to the designated reserves when feasible.

7065.5 Temporary Loan Procedures

Temporary Transfers from or to Reserves, as described in Sections 7065.3 and 7065.4 above, will be made in accordance with the following.

7065.5.1 Approval

Temporary Loans shall require approval in advance by a majority vote of the Board of Directors.

7065.5.2 Interest

Interest shall be paid by the borrowing account for these loans. The interest rate shall be as follows. This rate may be changed by amendment to this policy, approved by the Board of Directors.

- Annual Interest Rate: 6%

- Compounded: Monthly
- Payable: With the final payment made.

7065.5.3 Anticipated Payment Schedule

An anticipated payment schedule shall be approved at the time the loan is approved by the Board Of Directors.

7065.5.4 Documentation

Transfers made under this policy shall be documented by a Memo for the Record, to be attached to the Board meeting minutes and filed with the District Financial Records. This memo shall include, as a minimum, the following information.

- Purpose
- Loan amount
- Receiving Fund
- Source
- Date Approved
- Interest Rate
- Installment Schedule

A sample Memo for the Record is attached.

Attachment A
Sample Memo for the Record

WALLACE COMMUNITY SERVICES DISTRICT

Memo for the Record

**Establishing a loan of funds from the WCSD General Fund to the WCSD
Water Reserve**

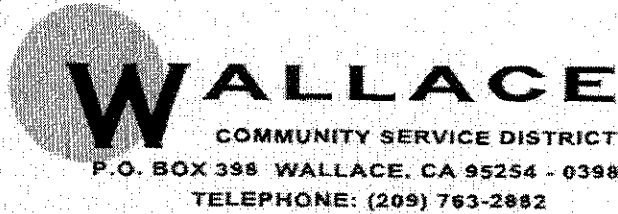
September 17, 2009

At the September 17, 2009 Board of Directors meeting, the Board approved a transfer of \$8,000.00 from the County General Fund to the Bank of the West Checking account to cover a portion of an invoice due from Moorman, Inc. for Capital Improvements to Wells 2 and 3 – total amount of the invoice was \$16,370, of which \$8,370 was paid from Water Reserve funds by transfer from the Water Reserve to the Bank of the West Checking account.

This constitutes a loan from the General Fund to the Water Reserve, that must be paid back over time.

Loan Amount:	\$8,000.00
Recipient:	Water Reserve
Source:	County General Fund
Date Approved:	September 17, 2009
Interest Rate:	0.5 % per month, compounded monthly
Installments Due:	
October 17, 2009:	\$3,750.00
January 17, 2010:	\$3,750.00
April 17, 2010:	\$500.00 plus accrued interest

WCSD Finance Committee



~~September 25, 2009~~ November 1, 2009

Mr. Reid Johnson
JOL Enterprises, LLC
2817 Veneman Ave
Modesto, Ca, 95356

Dear Mr. Johnson:

It is my pleasure, on behalf of the Board of Directors of the Wallace Community Services District ("WCSD", or "District"), to offer you the following amended and re-stated terms to cover your service as General Manager/Facilities & Operations Manager for the District. Under this agreement the District is contracting with JOL Enterprises, LLC to provide your services as the District's General Manager/Facilities & Operations Manager.

1. **Employment Duties.** Your employment with the District shall be in the position of General Manager/Facilities & Operations Manager. Your responsibilities shall include: general management of the District, management of all aspects of the WCSD facilities and operations, including performance as operator for the Water Treatment Plant and the Wastewater Treatment Plant. Further duties include management of Maintenance/Inspections of Roads, Open Space, Trails & Street Lighting. WCSD Policies 2300 (Job Description – General Manager) and 2315 (Job Description – Facilities-Operations Manager) generally describe these positions and are to be used as a general reference in defining your Employment duties.
2. **Effective Date.** You were appointed Acting General Manager/Facilities & Operations Manager, effective August 21, 2009. Your appointment as General Manager/Facilities & Operations Manager has been approved by the District Board of Directors at its meeting of September 17, 2009. In addition, you will carry out the duties of Secretary and Treasurer of the District.

3. **Payment for Services.** You shall be paid for your services at an annualized rate of \$66,000, payable in the amount of \$5,500 each month. Payment shall be made, as per your request, to JOL Enterprises, LLC. You agree to pay for any costs associated with State-required mentoring for your Wastewater certificate. This will be accomplished by reducing your monthly pay by the amount that the WCSD pays directly to the mentor. This compensation will be reviewed on or about 6 months from the date of this agreement.
4. **Substitute Services.** Should you need to be absent and/or require temporary coverage of the facilities, the District shall pay for such temporary services, and deduct those amounts from your next occurring payment to JOL Enterprises, LLC.
5. **Responsible to the Board.** The District is contracting with JOL Enterprises, LLC for your services as General Manager/Facilities & Operations Manager. In that capacity, you will be responsible to the Board of Directors, and will provide your services at their direction.
6. **At Will Contract.** Your services agreement with The District is entirely voluntary for both parties and either you or The District may conclude the relationship at any time for any reason. This "at will" relationship can only be modified in writing by a resolution adopted by a majority of the Board.
7. **District Policies.** You shall comply with all of the District's standard policies, including but not limited to those contained in the District's Policy Handbook in effect during your term of service agreement, except to the extent such policies are modified by the terms of this Agreement
8. **Insurance.** Since the District is contracting for your services as General Manager/Facilities & Operations Manager, and you will be responsible to the District Board of Directors, the normal provisions of the District's Liability insurance shall apply to your activities.
9. **Arbitration.** Any controversy between The District and you, or between you and The District or you and any employee or officer of The District arising out of or related to your service agreement with The District, including, but not limited to claims of race, age, gender, religious, or national origin discrimination under federal, state or local laws and those involving the construction or application of any of the terms, provisions or conditions of this Agreement, shall be settled by arbitration in accordance with the then current employment dispute resolution rules of the American Arbitration Association, and judgment on the award rendered by the arbitrator(s) may be rendered by any court having jurisdiction thereof. The arbitrator shall permit adequate discovery, is empowered to award all remedies otherwise available in a court of competent jurisdiction and shall issue a written decision. The District shall pay the cost of the arbitrator. The parties shall each bear their own legal fees