

KEYES COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS

Date: Tuesday, July 28, 2026 Agenda

Time: 6:00 p.m.

Place: Keyes Community Services District, 5601 7th St., Keyes, Ca.

Board Members:

**Johnathon Parker, President
Cody Knee, Vice President
Kristina Vasquez, Director
Shannon Williams, Director
Kalvin Singh, Director**

**Michael Powers, General Manager
Dennis L. Hay, Attorney
Mario Gouveia, Engineer
Michelle Harris, Board Secretary**

https://teams.microsoft.com/l/meetup-join/19%3ameeting_MDU3YjY4OTYtMzcyZC00YzdhLThjNmUtOWRIMWU3Mzc2ZjEz%40thread.v2/0?context=%7b%22Tid%22%3a%228dec9ed1-99eb-4175-81ca-511d4580f178%22%2c%22Oid%22%3a%222e331d37-6fcc-4cad-a0d9-c29a877f255a%22%7d

Public Comment: The law provides the opportunity for the public to be heard on any item within the subject matter jurisdiction of the Board, before or during the consideration of that item by the Board. For all items, *not* on the agenda, the public comment time will be at the start of each meeting as appropriate. The person addressing the Board is limited to five (5) minutes unless the Chairman of the Board grants a longer period of time as appropriate to manage the agenda. State law does not allow action to be taken on any item not on the Agenda. The boardroom is handicapped accessible.

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 the Board Clerk, at 209-668-8341, during regular business hours, at least twenty-four hours prior to the time of the meeting.

Pursuant to the Brown Act as codified in Government Code Section 54957.5, any documents pertaining to a non-closed agenda item distributed to a majority of the Board of Directors in less than 72 hours before a Board meeting shall be available for public inspection. Said documents shall be available for inspection at the Keyes Community Services District Administrative Office located at 5601 7th Street, Keyes, California, Monday through Friday, except Holidays, between the hours of 8:00 a.m. and 12:00 p.m.

1. **Call to Order.**
2. **Pledge of Allegiance.**
3. **Roll Call.**
4. **Agenda Changes**
5. **Conflict of Interest:** Any Council/Authority Member or Staff who has a direct Conflict of Interest on any scheduled agenda item to be considered is to declare their conflict at this time.
6. **Public Comment on Non-Agenda Items.** At this time, members of the public may comment on any item not appearing on the agenda, and within the subject matter jurisdiction of the Keyes CSD Board. Individual comments will be limited to a maximum of 5 minutes or as stated by the presiding officer. Under State Law, matters presented during the public comment period cannot be discussed or acted upon.
7. **Presentations.**
Finance.
8. **Consent Agenda.**
 - A. **Approve Minutes for the June 23, 2026 Meeting.**
9. **Discussion/Possible Action Items.**
 - A. **Discussion and Possible Action to fill board vacancy by appointment.**
 1. Receive staff report.
 2. Receive public comment.
 3. Board discussion and deliberation.
 4. Consider a motion to fill board vacancy by appointment.
 - B. **Administer Oath of Office to newly Appointed Director.**
 - C. **Discussion and Possible Action to approve warrant register for July 28, 2026.**
 1. Receive staff report.
 2. Receive public comment.
 3. Board discussion and deliberation.
 4. Consider a motion to approve warrant register for July 28, 2026.
 - D. **Discussion and Possible Action to approve Agreement for Property Tax and Direct Assessment Services.**
 1. Receive staff report.
 2. Receive public comment.
 3. Board discussion and deliberation.
 4. Consider a motion to approve Agreement for Property Tax and Direct Assessment Services.
 - E. **Discussion and Possible Action to enter into a Reimbursement Agreement Related to Engineering and Feasibility Determination Between The Keyes Community Services District and Keyes Fire Protection District.**
 1. Receive staff report.
 2. Receive public comment.
 3. Board discussion and deliberation.
 4. Consider a motion to approve Reimbursement Agreement.
 - F. **Discuss and Consider Request by Associated Engineering Group for the Keyes Community Services District to purchase previously sold 27 Sewer Equivalent Dwelling Units.**
 1. Receive staff report.

2. Receive public comment.
3. Board discussion and deliberation.
4. Consider a motion to approve the request by Associated Engineering regarding buy back of 27 Sewer Equivalent Dwelling Units.
10. Items from General Manager.
 - A. Administrative Staff Report.
 - B. Maintenance Staff Report.
11. Staff Comments.
12. Open Session Disclosure Regarding Closed Session Items pursuant to Government Code Section 54957.
13. CLOSED SESSION
 - Board Discussion with Legal Counsel regarding the buyback of EDUs.
14. Open Session Report on Closed Session Pursuant to Government Code Section 54957.1.
15. Director Comments.
16. Adjournment

Post Agenda: July 24, 2026.



Keyes Community Services District
5601 7th Street, P O Box 699
Keyes, Ca 95328
209-668-8341
209-668-8396

Agenda Item 8A Consent Agenda

Date: June 23, 2026

From: Michelle Harris

- 1. Approve Minutes for the June 23, 2026 Meeting.**

KEYES COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS

Date: Tuesday, June 23, 2026 Minutes

Time: 6:00 p.m.

Place: Keyes Community Services District, 5601 7th St., Keyes, Ca.

1. Call to Order

The meeting was called to order at 6:00 pm.

2. Pledge of Allegiance

3. Roll Call

Present were President Parker, Vice President Parker, Director Vasquez, and Director Williams. Also present were General Manager Powers, Attorney Dennis L. Hay, and Board Secretary Michelle Harris.

4. Agenda Changes

None.

5. Conflict of Interest:

None.

6. Public Comment on Non-Agenda

None.

7. Presentations.

None.

8. Consent Agenda

1. Approve Minutes for the May 28, 2026 Special Meeting.

There was a motion made to accept the Special Meeting Minutes for May 28, 2026 by Director Vasquez and a second by Vice President Knee. Director Vasquez(M), Vice President Knee(S), President Parker(AYE), and Director Williams(AYE).

9. Discussion and Possible Action Items.

A. Discussion and Possible Action to Approve the Warrant Register for June 23, 2026.

There was a motion made to approve the warrant register by Director Williams and a second by Vice President Knee. Director Williams(M), Vice President Knee(S), President Parker(AYE), and Director Vasquez(AYE).

B. Discussion and Possible Action to Approve Resolution 2026-602, A Resolution Adopting Budget for Fiscal Year 2026/2027.

There was a motion made to approve Resolution 2026-602, A Resolution adopting the budget for fiscal year 2026/2027 by Vice President Knee and a second by Director Williams. Vice President Knee(M), Director Williams(S), President Parker(AYE), and Director Vasquez(AYAE).

C. Discussion and Possible Action to Adopt Resolution 2026-603, A Resolution ordering the Levy and Collection of Street Lighting Assessments for Keyes CSD for Fiscal Year 2026/2027.

D. There was a motion made to approve Resolution 2026-603, A Resolution ordering the Levy and Collection of Street Lighting Assessments for Keyes CSD for Fiscal Year 2026/2027 by President Parker and a second by Vice President Knee. President Parker(M), Vice President Knee(S), Director Vasquez(AYE), and Director Williams(AYE).

E. Discussion and Possible Action to Adopt Resolution 2026-604, A Resolution adopting a Records Retention Schedule and Authorizing Destruction of Certain District Records. There was a motion made to approve Resolution 2026-604, Resolution adopting a Records Retention Schedule and Authorizing Destruction of Certain District Records by Vice President Knee and second by Director Vasquez. Vice President Knee(M), Director Vasquez(S), President Parker(AYE), and Director Williams(AYE).

F. Discussion and Possible Action to Amend Employment Contract with General Manager.

There was a motion made to amend the Employment Contract of the General Manager by Vice President Knee and a second by Director Williams. Vice President Knee(M), Director Williams(S), President Parker, and Director Vasquez.

10. Items From General Manager.

A. Administrative Staff Report.

Board Secretary Michelle Harris went over the revenue, expenses and cash on hand.

B. Maintenance Staff Report.

C. General Manager Powers went over

11. Staff Comments.

12. Director Comments.

There was discussion about putting maps on the walls of the board room.

13. Closed Session

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant exposure to litigation pursuant to Government Code section 54956.9(d)(2) [1 case]

Closed session regarding public security, facilities, employees, examination of witness
Government Code § 54957

Non-Disclosure Agreements

Street Light Damage Claim

Public Employee Evaluation Government Code § 54957(B)(1)

Title: General Manager

Open Session was closed at 6:55 PM and we entered into Closed Session.

Closed Session closed at 7:15 PM and we reconvened into Open Session. The Streetlight Claim is Closed.

14. Adjournment.

The meeting was adjourned at 7:20 PM by motion of Vice President Knee and a second motion of Director Williams. Vice President Knee(M), Director Williams(S), President Parker(AYE), and Director Vasquez(AYE).

Minutes taken by: Michelle Harris

Minutes typed by: Michelle Harris



Keyes Community Services District
5601 7th Street, P O Box 699
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209-668-8396

Agenda Item A

Date: July 28, 2026

From: Michael Powers, General Manager

Subject: Discussion and possible action to fill Board Vacancy by Appointment

1. Recommended Action

Staff recommends the Board proceed with the appointment process by:

- a. Oath of Office.

2. Discussion

Director Ron Reforma submitted his resignation letter March 30, 2026, that leaves the Keyes Community Services District Board with a vacant seat. Government Code Section 1780 authorizes the board to fill the vacant seat.

July 14, 2026, Keyes CSD received notification from Stanislaus County Board of Supervisors regarding the vacant seat. Mr. Calvin Singh was appointed by Stanislaus County Board of Supervisors to fill the vacant seat from July 14, 2026 to December 4, 2026.

3. Fiscal Impact

There is minimal fiscal impact to the District from this action.



BOARD OF SUPERVISORS

Buck Condit, District 1
Vito Chiesa, District 2
Terry Withrow, District 3
Mani Grewal, District 4
Chance A. Condit, District 5

July 14, 2026

Mr. Calvin Singh
4816 Isabella Ave.
Keyes, CA 95328

Dear Mr. Singh,

Today the Board of Supervisors approved your appointment to the Keyes Community Services District. On behalf of the Board, I would like to thank you for your willingness to serve in this capacity.

Representing: the District

Term Beginning Date: 7/14/2026

Term Ending Date: 12/4/2026

Please review this list for form(s) that you may be required to file:

☒ Oath of Office If this box is checked, please see the attached form, and call the contact person for your board, for further instruction.

☒ Conflict of Interest (700) If this box is checked, you will need to file an "Assuming Office" Conflict of Interest (Form 700). You should have received an email from cobsupport@stancounty.com regarding how to file using our online filing system

The contact person for your board is Michelle Harris, who can be reached at 209-668-8341 for any assistance you may need.

As you know, this is a very important Board, and we appreciate the time and energy you are willing to devote to Stanislaus County.

I hope you find your term of office to be a rewarding experience.

Sincerely,

Mary E. Hartsfield, Clerk of the Board
Stanislaus County Board of Supervisors

cc: Michelle Harris
MH/ks

Keyes Community Services District - DCS01

Contact Person Harris, Michelle

PO Box 699
5601 7th St
Keyes, CA 95328
Phone: 209-668-8341

Fax:

Email: mharris@keyescsd.org
Website: <http://www.keyescsd.org/>

Changed from odd to even year 7/11/2017
It will be a 5 year in 2017 election and
2019 after that it will go back to a 4 year
term.
*see email from Kathy Styles in the roster
binder.

Elected
Term: 4 Years
COI Req Yes

Rev: 5/12/2026
Oath: Yes

APPTD	REAPPTD	REP	SEAT	NAME	PHONE	ADDRESS	CITY	ZIP	DIS	END
7/14/2026		Dist	1	Singh, Kalvin	209-410-0829	4816 Isabella Ave	Keyes	95328	D-5	12/4/2026
3/24/2026		Dist	2	Williams, Shannon L.	209-226-2320	5566 10th Street	Keyes	95328	D-5	12/4/2026 AS
1/24/2023	10/15/2024	Dist	3	Vasquez, Kristina	209-495-3631	P O Box 808	Keyes	95328	D-5	12/1/2028 I
4/30/2019	10/4/2022	Dist	4	Parker, Johnathon	209-485-5846	5566 9th St	Keyes	95328	D-5	12/4/2026 I
12/6/2019	10/15/2024	Dist	5	Knee, Cody	209-202-6366	4121 Esmail Ave.	Keyes	95328	D-5	12/1/2028 I

Certificate of Appointment and Oath of Office

STATE OF CALIFORNIA,

COUNTY OF STANISLAUS

} ss.

I, Mary E. Hartsfield, Clerk of the Board of Supervisors of the County of Stanislaus, State of California, do hereby certify that at a regular meeting of said Board of Supervisors held on Tuesday, July 14, 2026,
Kalvin Singh

was appointed to the Keyes Community Services District,
to a term which will begin on Jul. 14, 2026 and end on December 4, 2026.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of the Board of Supervisors of the County of Stanislaus, State of California, today, July 14, 2026.



Mary E. Hartsfield
Clerk of the Board of Supervisors
County of Stanislaus, State of California

By Mary E. Hartsfield, Clerk

STATE OF CALIFORNIA,

COUNTY OF STANISLAUS

} ss.

I, Kalvin Singh do solemnly swear that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution of the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

Candidate Signature

Subscribed and sworn to before me, this _____ day of _____, 20____.

Signature of Person Administering Oath

Title of Person Administering Oath



Keyes Community Services District
5601 7th Street, P O Box 699
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Agenda Item: C

Date: July 28, 2026

From: Mary Cantu

Subject: Discussion and Possible Action to approve Warrant Register for July 28, 2026.

RECOMMENDATION:

Staff recommends that the board approve the warrant register for Check Nos XXXXX through XXXXX in the amount of \$0.00.

FISCAL IMPACT:

Water	\$0.00
Sewer	\$0.00
Streetlight	\$0.00

Highest Invoices Paid:

Respectfully Submitted,

Mary Cantu
Administrative Assistant

Concur by Michael Powers



Keyes Community Services District
5601 7th Street, P O Box 699
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209-668-8396

Agenda Item D

Date: July 28, 2026

From: Michael Powers, General Manager

Subject: Discussion and possible action to renew 5-year Direct Assessment Agreement for Property Tax and Direct Assessment Services.

1. Recommended Action

Staff recommends the Board approve the standard 5-year Direct Assessment Agreement.

2. Discussion

Effective for the Fiscal Year 2026-2027, the Direct Assessment Agreement has been revised. There have been some definitions added, language was clarified, the collection of fees section was updated and the tax code requirement/data entry field was removed. This agreement covers fiscal years 2026-2027 through 2030-2031. Stanislaus County will not be able to process our direct assessments until they receive the signed agreement.

3. Fiscal Impact

If this Direct Assessment Agreement is not signed the Streetlight assessment will not take place.

AGREEMENT FOR PROPERTY TAX AND DIRECT ASSESSMENT SERVICES

Agency Name: _____

This Agreement for Property Tax and Direct Assessments ("Agreement") is made and entered into this ____ day of _____, 20____, by and between the County of Stanislaus through its Auditor-Controller's Office ("County") and _____ ("Agency") to provide the service of placement of Direct Assessments on the Property Tax Roll and to distribute those collected to Agency. This Agreement applies at the Agency level and includes all Agency Tax Codes used for the processing, accounting, reporting, collection, and distribution of the Agency's funds, whether or not such Agency Tax Codes are individually listed in this Agreement.

WHEREAS, Agency is a city or district located in the County of Stanislaus, and as such, desires to be the recipient of certain Direct Assessment Services from County; and

WHEREAS, Agency and County wish to enter into an agreement whereby the services to be provided, the conditions under which the services are to be provided, and the compensation, if any, to County for services provided shall be stipulated and binding upon the parties who do so agree; and

WHEREAS, services to Agency may include providing roll information, collecting and distributing property taxes and Direct Assessment amounts and maintenance of all other funds allocated to Agency; and

WHEREAS, the Government Code provides that County may charge the cost of providing said services,

NOW, THEREFORE, the parties hereto agree as follows:

I. DEFINITIONS FOR PURPOSES OF THIS AGREEMENT

The terms hereinafter set forth have the following definitions:

"Direct Assessment" or "Direct Assessments" means special tax, direct charge, special assessments to be levied in each fiscal year within the Agency tax rate area pursuant to the rate and method as defined by the district per California taxation codes.

"Other Agency funds" means any funds, including but not limited to, federal or state grants, that flow through and are managed by the County on behalf of the Agency.

"Property Tax" shall have the same meaning as found in California Revenue and Taxation code section 2202.

"Tax Code" means the unique 5-digit number assigned by the County specifically to the Agency. A Tax Code does not establish the Agency's legal authority to impose a Direct Assessment and does not limit the scope of services provided under this Agreement.

“Agency Tax Codes” means all past, current, successor, replacement, renamed, consolidated, newly created, or future County-assigned tax codes associated with the Agency, not individually listed in this Agreement. Agency Tax Codes are used for County processing, accounting, reporting, collection, and distribution purposes.

II. DIRECT ASSESSMENT SERVICES AND FEES

A. Direct Assessment Services

County will provide services that include placing direct assessments on the Property Tax Roll and distributing those collected to Agency at the same time and in the same manner as Stanislaus County property taxes are collected and distributed. Agency will adhere to the policies and procedures established by the County as outlined in the Direct Assessment Packet, which is distributed annually to each agency. Please refer to the Direct Assessment Packet, which is attached to this agreement and incorporated herein by reference, for further explanation of services, fees, due dates, and reporting requirements.

B. Fees for Direct Assessment Services

County hereby certifies that the fees charged are for the purpose of recovering costs attributable to the services provided and that said fees do not exceed costs of providing said service. The Direct Assessment packet sets forth each fee charge for each service provided and further explains each fee listed.

County shall charge and collect fees for the following Direct Assessment services:

1. When the Agency requests the parcel information data file containing data for all parcels on the Property Tax Assessment roll within the Tax Rate Areas associated with the Agency.
2. For collection of all Direct Assessments for Agency, County shall charge and collect a fee per assessment and per parcel.
3. For accounting services related to the processing of Direct Assessments, County shall charge and collect a fee per Agency and per Tax Code on those funds in which Direct Assessments are placed in the current tax year.
4. When the Agency requests correction or removal of Direct Assessment after extension of the Property Tax roll, the County will charge and collect a fee per correction or removal per fiscal year.
5. For additional services provided to Agency that are not listed in the Direct Assessment packet.

III. COLLECTION OF FEES

1. Property tax revenues will be offset by any applicable fees charged.
2. Direct Assessment fees will be posted once a year on or before May 1st. Thereafter, any additional fees that are owed will be accounted for prior to the end of the fiscal year.
3. The County maintains the right to offset and adjust future property taxes and direct assessment payments to the Agency, and to adjust delivery of other Agency funds,

in the event of over or under payments whether due to clerical error, miscalculation, technical adjustments or any other reason.

IV. ACCOUNTING SERVICES

County maintains a report of direct assessments levied for each fiscal year by Tax Code. These reports, and others, are available on the Stanislaus County Auditor-Controller department website, under the Property Tax Reports section of the Property Taxes and Direct Assessments Division page (www.stancounty.com/auditor/property-tax-division.shtm).

A. Distribution of Direct Assessments

Direct Assessments so levied shall be collected at the same time and in the same manner as County property taxes are collected and then distributed.

1. When the County Treasurer acts as the depository for Agency funds, the taxes and Direct Assessments collected shall be paid into the County Treasury to the Agency's account.
2. When the County Treasurer does not act as the depository for Agency funds, the Direct Assessments collected shall be paid to Agency by County check or electronic funds transfer, net of fees under Section III above.

B. Removal of Direct Assessments

When an Agency desires to correct or remove a Direct Assessment from the Property Tax roll, Agency shall provide written notice for said correction or removal. Written notice shall include the tax years, parcel numbers, and dollar amount requested to be corrected or removed. This written notice shall be signed by one of the Agency's authorized signatories whose name(s) have been previously provided to the County. County may request Agency to provide additional written authority for said correction or removal.

C. Delinquent/Defaulted Direct Assessments

The County will collect and distribute Direct Assessments. Agency may be requested to remove and collect Direct Assessments that are delinquent or in default on parcels for which ad valorem taxes (property taxes) are not assessed and collected.

V. MODIFICATION OF COLLECTION FEES

County reserves the right to annually increase or decrease any fees in proportion to any changes in costs incurred by the County in providing the services described herein, provided that written notice of any increase or decrease in fees is given to Agency on or before June 30 of any year during the term of this Agreement. Parties hereby agree to be bound by the fees calculated and set forth in the annual Direct Assessment packet and incorporated herein in this Agreement.

VI. AUTHORITY FOR LEVY & COMPLIANCE WITH LAW

The authority of such levy (i.e. resolution, ordinance or election), shall accompany requests for the levy of Direct Assessments. Taxes, fees, or direct assessments imposed by Agency and collected pursuant to this Agreement comply with all requirements of state law, including but not limited to Articles XIII C and XIII D of the California Constitution (Proposition 218).

Before the Property Tax Roll is extended, the County will require the Agency to submit a completed Certification of Direct Assessment Levy form, which confirms the accuracy of the Direct Assessments to be enrolled. The certification shall identify the Direct Assessments submitted by the Agency, including any applicable Tax Codes, fund numbers, charge descriptions, parcel data, levy amounts, and other information required by the County for processing. The Agency's certification shall constitute the Agency's representation that the submitted Direct Assessments are accurate, legally authorized, and eligible for placement on the property tax roll.

Agency agrees that its officers, agents, consultants and employees will cooperate with County by answering taxpayer or other individual's inquiries made to Agency concerning Agency's Direct Assessments. Agency agrees that its officers, agents, consultants and employees will not refer taxpayers, or other individuals, who make inquiries, to County officers or employees for responses to questions about Agency's Direct Assessments.

The County's acceptance, processing, placement, collection, or distribution of any Direct Assessment shall not constitute legal review, approval, or validation of the Agency's authority to impose the Direct Assessment.

VII. DEFENSE AND INDEMNIFICATION

To the fullest extent permitted by law, Agency and its officers, agents, employees, representatives or consultants shall defend, indemnify and hold harmless County and its officers, agents, employees and volunteers from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorneys' fees, arising out of, resulting from, or in connection with the performance of this Agreement by County or County's officers, agents, employees, and/or representatives. Agency's obligation under this paragraph extends to any claim, damage, loss, liability, expense or other cost which is caused in whole or in part, directly or indirectly, by any act or omission of the Agency and its officers, agents, employees, representatives, or anyone directly or indirectly employed by any of them or anyone for whose acts or omissions any of them may be liable.

VIII. SEVERABILITY

If any portion of this Agreement, or application thereof, to any person or circumstance shall be declared invalid by a court of competent jurisdiction, or if any portion is found in contravention of any federal laws, state or county statutes, ordinances or regulations, the remaining provisions of this Agreement, or the application thereof, shall not be invalidated

thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

IX. NO CHANGE IN LIABILITY

It is the purpose and intent of the parties not to change their existing legal responsibilities and relationships by virtue of this Agreement. The purposes of this Agreement are to establish the fee schedule set forth in the annual Direct Assessment Packet, together with the description and scheduling of the tasks to be accomplished by each party, which are in accordance with existing provisions of law.

X. AMENDMENT

This Agreement is subject to changes in the law, regulation, County procedures, systems, or administrative requirements and may otherwise be modified, amended, changed, added to or subtracted from by the mutual consent of the parties hereto if such amendment or change is in written form and executed with the same formalities as this Agreement and attached to the original Agreement to maintain continuity.

XI. ADVICE OF ATTORNEY

Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.

XII. CONSTRUCTION

Headings or captions to the provisions of this Agreement are solely for the convenience of the parties, are not part of this Agreement, and shall not be used to interpret or determine the validity of this Agreement. Any ambiguity in this Agreement shall not be construed against the drafter, but rather the terms and provisions hereof shall be given a reasonable interpretation as if both parties had in fact drafted this Agreement.

XIII. GOVERNING LAWS AND VENUE

This Agreement shall be deemed to be made under, and shall be governed by and construed in accordance with, the laws of the State of California. Any action brought to enforce the terms or provisions of this Agreement shall have venue in the County of Stanislaus, State of California.

XIV. TERM OF AGREEMENT

This Agreement constitutes the entire agreement between County and Agency pertaining to the collection of Direct Assessments and accounting services by County. All prior agreements, whether oral or written, between County and Agency pertaining to the services for collection and distribution of Direct Assessments are hereby terminated effective immediately upon full execution of this Agreement.

The term of this Agreement shall be from the date set forth in the first paragraph of this Agreement and continue through June 30, 2031 (5 years), unless otherwise terminated. In the last six months of the final year of this Agreement the parties may enter into a new agreement for future services.

Either party may terminate this Agreement for convenience and without cause upon providing thirty (30) day written notice to the other party on or before March 1 of any year during the term of this Agreement.

**County of Stanislaus, Department of
Auditor-Controller**

By: _____
Mandip Dhillon, CPA, Auditor-Controller

Date: _____

Agency Name

By: _____

Printed Name: _____

Title: _____
(Agency Management)

Date: _____

APPROVED AS TO FORM:

Thomas E. Boze, County Counsel

By _____
Mobin Bhatti, Deputy County Counsel



Keyes Community Services District
5601 7th Street, P O Box 699
Keyes, Ca 95328
209-668-8341
209-668-8396

Agenda Item E

Date: July 28, 2026

From: Michael Powers, General Manager

Subject: Discussion and possible action to Approve Reimbursement Agreement Related to Engineering and Feasibility Determination Between The Keyes Community Services District and Keyes Fire Protection District.

1. Recommended Action

Staff recommends the Board approve the Reimbursement Agreement Related to Engineering and Feasibility Determination Between the Keyes Community Services District and Keyes Fire Protection District.

2. Discussion

Keyes Fire Protection District placed Measure H on the ballot in 2024. The funds from Measure H will be used to build a new fire station to replace their current fire station. Keyes Fire desires to have the District provide new water and wastewater services to the Property in conjunction with the construction of the new fire station to replace the existing water and wastewater lines. Keyes Fire agrees to submit all plans and specifications for all public improvements required for the project to the District General Manager and District Engineer for approval. The Parties agree that the sole purpose of this Agreement is to set forth the Parties' understanding regarding the conditions by which the District will consider the feasibility of the Project proposed by Keyes Fire.

3. Fiscal Impact

There is no fiscal impact.

**REIMBURSEMENT AGREEMENT
RELATED TO ENGINEERING and FEASIBILITY DETERMINATION
BETWEEN
THE KEYES COMMUNITY SERVICES DISTRICT AND
KEYES FIRE PROTECTION DISTRICT**

This Reimbursement Agreement (“Agreement”), by and between the Keyes Community Services District, Stanislaus County, California, a political subdivision of the State of California, duly organized and existing under the Community Services District Law (California Government Code Sections 61000, et seq.) (the “District”) and Keyes Fire Protection District (“Keyes Fire”), is dated and effective as of July __, 2026 (“Effective Date”).

Recitals:

A. The District provides water and wastewater services to properties in the District and the surrounding areas that are within the District’s boundaries. “Water” or “water service”, for purposes of this Agreement, shall mean the supply of water for personal, household, and commercial use, not a system or program that monitors storm water for pollutants and discharges it. “Wastewater”, for purposes of this Agreement, shall mean sewer services, more commonly referred to as sanitary sewerage, and does not include storm drainage.

B. Keyes Fire is the fee simple owner of a portion of that certain land located in Stanislaus County at Assessor’s Parcel Number 045-029-027, more particularly described in Exhibit “A” (the “Property”) attached hereto and incorporated herein by this reference and commonly described as 5627 7th Street, Keyes, California.

C. Keyes Fire desires to have the District provide new water and wastewater services to the Property in conjunction with the construction of the new fire station to replace the existing fire station which has water and sewer service provided by the District.

D. As of the Effective Date of this Agreement, there are District water distribution lines and wastewater collection lines within the vicinity of the Property and, in fact existing water and sewer lines to the Property.

E. In order for the District to provide new water service and wastewater collection service to the Property, a water line and wastewater collection line (“Project”) that meet the standards set forth by the District’s Engineer must be constructed to connect to the District’s existing water distribution system and wastewater collection system.

F. Keyes Fire agrees to submit all plans and specifications for all public improvements required for the Project (i.e., all improvements concerning water service and wastewater collection connections to District, including but not limited to water mains and/or laterals, connecting sewers, interceptors, trunk and outfall lines and sanitary sewage treatment or disposal plants or works, and any and all drains, conduits) signed by a California registered civil engineer (hereinafter referred to as the “Project Drawings”) in an acceptable electronic format to the District’s General Manager and District Engineer for review. Once approved by the District and

constructed in accordance with all plans and specifications, the Project shall not be altered in any means or manner without the District's prior written consent.

G. Upon District General Manager and District Engineer being satisfied that Project Drawings submitted by Keyes Fire satisfy all District requirements, the Project Drawings will be submitted to the District's Board of Directors for consideration as to whether the Project is feasible.

H. The District desires to be reimbursed by Keyes Fire for all costs incurred by the District in determining whether the Project is feasible, including, but not limited to the drafting of this Agreement, General Manager and District Engineer review of Project Drawings, and any other cost to the District arising from this Agreement.

I. Keyes Fire is willing to deposit funds with the District to ensure payment for all costs incurred by the District associated with the performance of this Agreement in the amount of five thousand dollars (\$5,000) ("Deposit") receipt of which is hereby acknowledged.

J. The Parties agree that the sole purpose of this Agreement is to set forth the Parties' understanding regarding the conditions by which the District will consider the feasibility of the Project proposed by Keyes Fire.

K. The parties hereto wish to set forth the terms and conditions under which the District's Board of Directors agrees to consider whether the Project is feasible.

Agreement

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth herein, and for other consideration the receipt and sufficiency of which hereby are acknowledged, the District and Keyes Fire agree to the following terms, covenants, and conditions:

1. Keyes Fire Obligations.

- a. Plan Review. Keyes Fire shall submit to the District's General Manager and District Engineer Project Drawings for review and comment to ensure that Project Drawings comply with all District requirements. Once approved by the District and constructed in accordance with all plans and specifications, the Project shall not be altered in any means or manner without the prior written consent of the District.
- b. Deposit – Incidental Costs. Keyes Fire agrees to reimburse the District for all costs incurred by the District associated with any District efforts to determine whether the Project is feasible including but not limited to the costs to develop this Agreement, the District General Manager's and District Engineer's costs to review Project Drawings, the updating of the District's water maps, all costs of maintenance staff, administration, legal, and all other actual expenses relating to

the District's efforts in determining the Project's feasibility. Keyes Fire agrees to deposit, in cash, cash equivalents, or by check, the Deposit with the District's General Manager upon execution of this Agreement. Any remaining balance on Deposit after payment of all such costs shall be refunded to Keyes Fire upon the District's Board of Directors making a determination as to whether the Project is feasible. No interest shall be earned or paid by the District on any refunded balance.

- c. Any time the balance of the Deposit with the District falls below One Thousand Dollars (\$1,000.00), and upon seven (7) days' written notice by the District, Keyes Fire agrees to deposit the amount of Five Thousand Dollars (\$5,000.00) with the District prior to the District continuing any efforts in determining whether the Project is feasible.
- d. In the event that Keyes Fire shall fail or refuse to maintain the Deposit in amounts required by the District, at the direction of the District all efforts by the District related to review of the Project Drawings and/or the Project's feasibility shall cease until such time as the amounts so required are paid. Additionally, Keyes Fire may, by written request executed and delivered by Keyes Fire, direct the District to cease all work related to the Project and to not incur any additional costs under the Agreement.
- e. Keyes Fire shall have the right to review all costs submitted by the District for which Keyes Fire's Deposit may be responsible, and shall have the right to a review of the costs by the District Board of Directors. To that end, the District will provide Keyes Fire with documentation supporting costs incurred by the District in connection with this Agreement concurrently with the District's notice requesting additional deposits. The determination of the Board with respect to costs will be final and binding.

2. Indemnification. Keyes Fire and its successors in interest ("Indemnifying Party") shall indemnify, hold harmless, and defend with counsel reasonably acceptable to the District, the District and its elective and appointive boards, officers, directors, managers, employees, agents, successors, and permitted assigns (collectively, "Indemnified Party") against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, cost of preparing the record for any such action, including the Indemnified Party staff costs and all other costs and expenses the Indemnified Party may incur as a result of any such action or proceeding or expenses of whatever kind, including attorney's fees, that are incurred by Indemnified Party (collectively, "Losses"), arising out of or related to any third-party claim alleging:

- a. breach or non-fulfillment of any provision of this Agreement by Indemnifying Party or Indemnifying Party's personnel;
- b. any negligent or more culpable act or omission of Indemnifying Party or its personnel (including any reckless or willful misconduct) in connection with the performance of its obligations under this Agreement;

- c. any bodily injury, death of any person, or damage to real or tangible personal property caused by the negligent or more culpable acts or omissions of Indemnifying Party, its agent(s), or its personnel;
- d. any failure by the Indemnifying Party, its agent(s), or its personnel to comply with any applicable federal, state, or local laws, regulations, or codes in the performance of its obligations under this Agreement.

The Parties hereto expressly agree that no public interest or public policy is implicated or involved in the matters for which this indemnification is entered into and that this Agreement is not void or voidable pursuant to California Civil Code Section 1668, and the Parties waive all rights or protections provided pursuant to said section.

3. Agreement Not Debt or Liability of District. It is hereby acknowledged and agreed that this Agreement is not a debt or liability of the District. The District shall in no event be liable hereunder other than to return the unexpended and uncommitted portions of any Deposit held by the District as provided in Section 1 above. The District shall not be obligated to advance any of its own funds with respect to the Project. No member of the District Board of Directors or officer, employee or agent of the District shall to any extent be personally liable hereunder.

4. Notices. All notices and demands of any kind that either party may be required or desires to serve upon the other party shall be in writing and shall be served upon such other party by personal service; or by mailing a copy thereof, certified or registered mail, postage prepaid; or by overnight mail; or by facsimile or e-mail, addressed as follows:

If to the District: Keyes Community Services District
 Attn: General Manager
 5601 7th Street
 Keyes, CA 95328
 Telephone: (209) 668-8341
 Facsimile: (209) 668-8396

with a copy to: Dennis L Hay, General Counsel for Keyes Community
 Services District
 Law Office of Dennis L. Hay, Esq.
 P.O. Box 74
 Proberta, California 96078
 Telephone: (209) 759-3222

If to Keyes Fire: Keyes Fire Protection District
 c/o Royjindar Singh.
 5627 7th Street
 Keyes, California 95328

5. Construction of Terms; Severability. All parts of this Agreement shall be construed according to their plain meaning and shall not be construed in favor or against either of the parties. If any term, provision, covenant, or condition of this Agreement is held by a court of

competent jurisdiction to be invalid, void, or unenforceable, in whole or in part, the remainder of this Agreement shall remain in full force and effect and shall not be affected, impaired, or invalidated thereby.

6. ENTITY NAME's Authority. Keyes Fire has the full right, capacity, power, and authority to enter into and carry out the terms of this Agreement. Keyes Fire is the sole owner in fee simple of the Property and to Keyes Fire's knowledge, no other person or entity has any right or interest in the Property.

7. Counterparts. This Agreement may be executed in any number of counterparts and each counterpart shall be deemed to be an original document. Delivery of the executed Agreement may be accomplished by facsimile transmission, and if so, the facsimile copy shall be deemed an executed original counterpart of the Agreement. All executed counterparts together shall constitute one and the same document, and any signature pages, including facsimile copies thereof, may be assembled to form a single original document.

8. Further Assurances. Each party will, whenever and as often as it shall be requested to do so by the other party, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, any and all such further conveyances, assignments, approvals, consents and any and all other documents and do any and all other acts as may be reasonably necessary to carry out the intent and purpose of this Agreement.

9. Entire Agreement. This Agreement, together with all exhibits hereto and documents referred to herein, if any, constitutes the entire agreement among the parties hereto with respect to the subject matter hereof, and supersedes all prior understandings and agreements. All exhibits to which reference is made in this Agreement are deemed incorporated in this Agreement whether or not actually attached.

10. Amendments. This Agreement may be modified only by a writing signed by both parties.

11. Legal Advice. Each party has had the opportunity to consult independent legal advice from its attorneys with respect to the advisability of executing this Agreement and the meaning of the provisions hereof to the extent they have desired, and that the parties fully understand the terms of this Agreement despite that legal counsel may not have been consulted.

12. Attorney's Fees and Venue. In the event of any litigation or other action between the parties arising out of or relating to this Agreement or the breach thereof, the prevailing party shall be entitled, in addition to such other relief as may be granted, to its reasonable costs and attorneys' fees. The venue for any litigation, arbitration, or mediation shall be Stanislaus County, California.

13. Headings and Titles. The captions of the articles or sections of this Agreement are only to assist the parties in reading this Agreement and shall have no effect upon the construction or interpretation of any part hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first written above.

ENTITY NAME:

Keyes Fire Protection District
5627 7th Street
Keyes, California 95328

DISTRICT:

Keyes Community Services District,
a political subdivision of the State of
California

By: _____
Royjindar Singh

By: _____
Michael Powers, General Manager

Approved as to Form:

By: _____
Dennis L. Hay
General Counsel



DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT
1010 10TH Street, Suite 3400, Modesto, CA 95354
Planning Phone: (209) 525-6330 Fax: (209) 525-5911
Building Phone: (209) 525-6557 Fax: (209) 525-7759

DATE: May 3, 2022

TO: Hawkins & Associates Engineering, Inc.
436 Mitchell Road
Modesto CA 95354

FROM: Emily Basnight, Assistant Planner

**SUBJECT: RECORDED COPY OF MERGER NO. PLN2022-0043 – KEYES FIRE
DEPARTMENT**

Enclosed is a recorded copy of the subject document for your files. A copy has also been sent to the person(s) listed below.

cc: Assessor's Office
Keyes Fire Department, Royjindar Singh
Project File



RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Stanislaus County
Department of Planning
and Community Development
1010 10th Street, Suite 3400
Modesto, CA 95354

Stanislaus County Recorder
Donna Linder, County Clerk-Recorder

DOC - 2022-0031820

Tuesday, May 3, 2022 09:34:15

Customer: Planning

Total Paid: \$41.00

Receipt #: 2022081648

JAC / CHKQZV2 / 1-9

Space Above This Line for Recorder's Use

CERTIFICATE OF MERGER

This is to certify that, pursuant to Section 20.32.120 of the Stanislaus County Code, the Stanislaus County Director of Planning and Community Development, on April 13, 2022, approved Merger No. PLN2022-0043 herein described and submitted under the name of Keyes Fire Department.

The Merger was approved to merge separate contiguous parcels whereby the boundary lines of the real property described as Exhibit "A", attached hereto and made a part hereof, will be adjusted to result in parcels described in Exhibit "B" and Exhibit "C", also attached and incorporated herein. The approved merger shall not result in the creation of a greater number of parcels than originally existed. The above described merger shall be reflected in a deed which shall be recorded by the property owner(s).

The undersigned duly authorized officer of Stanislaus County declares that the foregoing is true and correct under penalty of perjury under the laws of the State of California.

By: Kristy Doud

Kristy Doud, Principal Planner
For Angela Freitas, Director
Stanislaus County Department of
Planning and Community Development

5/2/2022
Date

95

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Stanislaus)

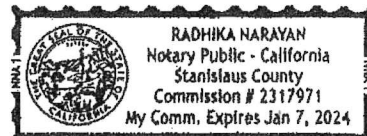
On May 02, 2022 before me, Radhika Narayan, Notary Public
(insert name and title of the officer)

personally appeared Kristin Doud,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature Radhika Narayan (Seal)



ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Stanislaus

On April 22, 2022 before me, Louretta G Halstead, Notary Public
(insert name and title of the officer)

personally appeared Royjindar Singh
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Louretta G Halstead (Seal)

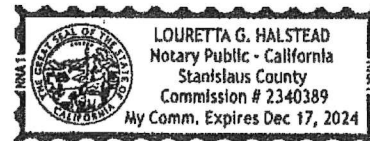


EXHIBIT A
LEGAL DESCRIPTION
Parcel 1 Before Merger
LOT MERGER PLN 2022-0043

The land referred to herein below is situated in an unincorporated area, County of Stanislaus, State of California and is described as follows:

Lots 1-4 in Block 16 of the Town of Keyes, according to the Official Map thereof, filed in the Office of the Recorder of Stanislaus County, California on November 19, 1908 in Volume 4 of Maps, at page 8.

CONTAINING 0.32 acres, more or less.

EXHIBIT A
LEGAL DESCRIPTION
Parcel 2 Before Merger
LOT MERGER PLN 2022-0043

The land referred to herein below is situated in an unincorporated area, County of Stanislaus, State of California and is described as follows:

Lots 5-7 in Block 16 of the Town of Keyes, according to the Official Map thereof, filed in the Office of the Recorder of Stanislaus County, California on November 19, 1908 in Volume 4 of Maps, at page 8.

CONTAINING 0.24 acres, more or less.

EXHIBIT A
LEGAL DESCRIPTION
Parcel 3 Before Merger
LOT MERGER PLN 2022-0043

The land referred to herein below is situated in an unincorporated area, County of Stanislaus, State of California and is described as follows:

Lots 8-10 in Block 16 of the Town of Keyes, according to the Official Map thereof, filed in the Office of the Recorder of Stanislaus County, California on November 19, 1908 in Volume 4 of Maps, at page 8.

CONTAINING 0.24 acres, more or less.

EXHIBIT B
LEGAL DESCRIPTION
Merged Parcel
LOT MERGER PLN 2022-0043

The land referred to herein below is situated in an unincorporated area, County of Stanislaus, State of California and is described as follows:

Lots 1-10 in Block 16 of the Town of Keyes, according to the Official Map thereof, filed in the Office of the Recorder of Stanislaus County, California on November 19, 1908 in Volume 4 of Maps, at page 8.

CONTAINING .80 acres, more or less.

The above described lots are hereby merged and shall hereafter be considered one parcel of land.

This description was created by me or under my direction in conformance with the Professional Land Surveyors' Act.

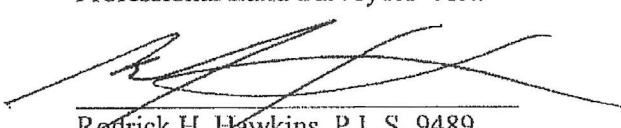
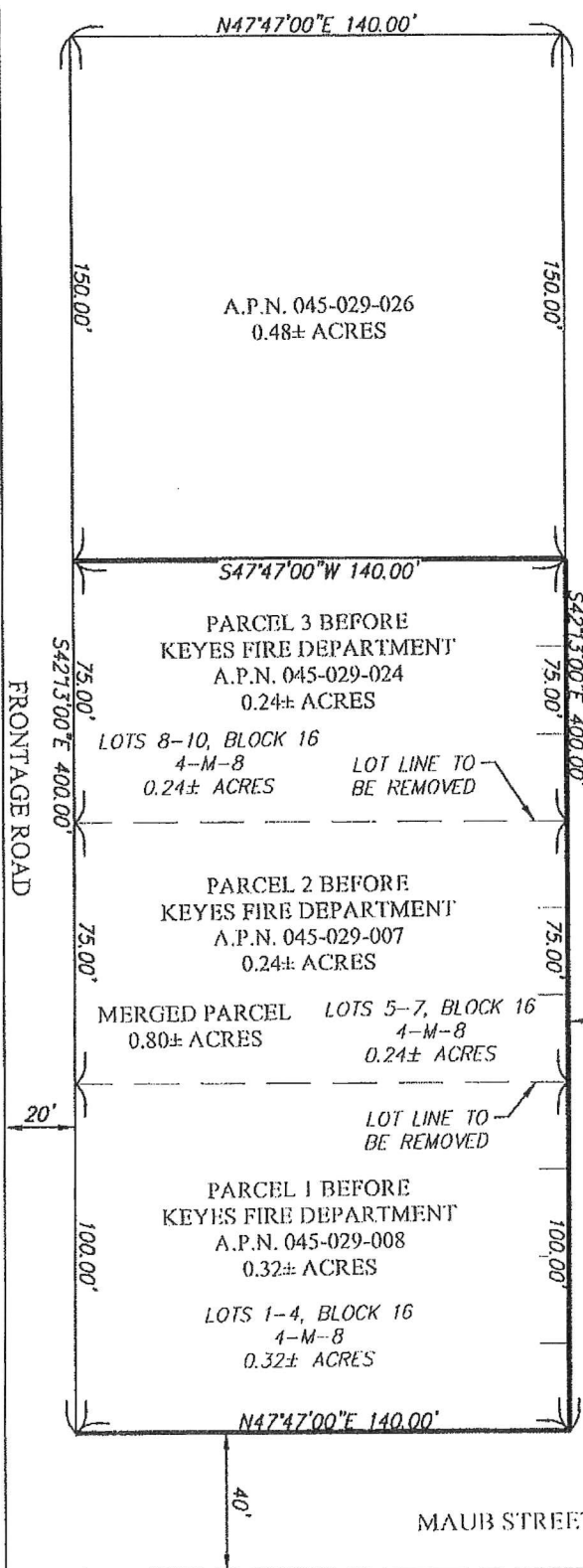

Rodrick H. Hawkins, P.L.S. 9489
April 13, 2022



EXHIBIT B

HIGHWAY 99

FRONTAGE ROAD



FOR ILLUSTRATIVE PURPOSES ONLY

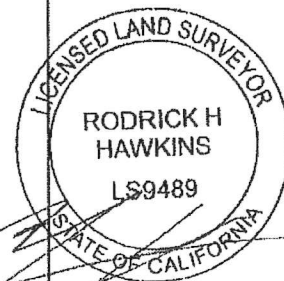


EXHIBIT "C"



**HAWKINS & ASSOCIATES
ENGINEERING, INC.**
436 MITCHELL ROAD
MODESTO, CA. 95354
PH: (209) 575 - 4295
FX: (209) 578 - 4295

**LOT MERGER PLN2022-0043
PARCELS 7,8 & 24 OF 29-M-89**
KEYES FIRE DEPARTMENT
KEYES, CALIFORNIA

BY: JOW
CHK: RHH
DATE: 4/13/2022
SCALE: 1"=50'
JOB #: 3614.00

EXHIBIT C

Donna Linder
Stanislaus County
County Clerk-Recorder
1021 "I" Street
Modesto, CA 95354
(209) 525-5279

Planning

Receipt No.: 2022081648

Cashier: 25

Register: CHKQ2V2

Date/Time: 05/03/2022 09:34 AM

Description	Fee
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Basic Recording	
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Document No.:	2022-0031820
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Recording Time:	09:34 AM
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Recording Fee:	\$38.00
----------------	---------

Real Estate Fraud:	\$3.00
--------------------	--------

Recording Total:	\$41.00
------------------	---------

Total Amount Due:	\$41.00
-------------------	---------

Total Paid

House Charge:	\$41.00
---------------	---------

Amount Due:	\$0.00
-------------	--------

THANK YOU
PLEASE KEEP FOR REFERENCE



Keyes Community Services District
5601 7th Street, P O Box 699
Keyes, Ca 95328
209-668-8341
209-668-8396

Agenda Item F

Date: July 28, 2026

From:

Subject: Request by Associated Engineering Group for the Keyes Community Services District to purchase previously sold 27 Sewer Equivalent Dwelling Units

1. Recommended Action

It is recommended that the Board convene in closed session to discuss price and terms and provide direction to the Manager for negotiations.

2. Discussion

Keyes CSD previously sold to Ron Hatley multiple (62) Sewer Equivalent Dwelling Units in 2005. Based upon our records, the District previously purchased some of those Units. Associated Engineering became the owner of 27 EDUs in 2006. They are now requesting the District repurchase the units. The District agreed to the purchase of units previously to offset overages on volume of waste and specific conditions (BOD for example) to offset costs from The City of Turlock. We are not currently experiencing any overages other than volume, in our agreement with Turlock.

3. Fiscal Impact

Funds for purchasing the Units would come from the Sewer Fund. The cost to purchase the Units at the prices previously paid would be \$25,861.14 (\$957.85/EDU X 27 EDUs).

July 2, 2026

Board of Directors

Keyes Community Services District
P.O. Box 669
Keyes, CA 95328

Subject: Request for Reacquisition of Reserved Wastewater Treatment Capacity

Dear Members of the Board:

Associated Engineering Group, Inc. respectfully requests that the Keyes Community Services District consider reacquiring the reserved wastewater treatment capacity assigned to our firm pursuant to the Transfer Agreement executed on July 28, 2009. Under that agreement, and with the District's approval, Associated Engineering Group became the owner of **27 Equivalent Dwelling Units (EDUs), representing approximately 8,100 gallons per day of reserved wastewater treatment capacity.**

The circumstances surrounding our ownership of this capacity are unique. The reserved wastewater treatment capacity was originally acquired by our client in connection with a proposed development project to demonstrate that adequate wastewater treatment capacity had been secured as part of the annexation and entitlement process. Unfortunately, the proposed development was never completed, and our client was ultimately unable to satisfy the outstanding engineering fees owed to Associated Engineering Group.

As partial settlement of that outstanding obligation, our client transferred ownership of the 27 EDUs of reserved wastewater treatment capacity to Associated Engineering Group. The District approved the transfer through the Transfer Agreement executed in 2009, and our firm has retained ownership of the capacity since that time.

Associated Engineering Group has never intended to utilize this reserved capacity for development or investment purposes. Rather, we accepted the transfer solely as consideration for unpaid professional engineering services. Since acquiring the allocation nearly seventeen years ago, our firm has had no opportunity or foreseeable need to utilize the capacity.

Because the reserved capacity has remained unused for many years, we believe it may be beneficial for both the District and Associated Engineering Group to explore the District's reacquisition of the allocation. Returning the capacity to the District would allow it to be made available for future development while providing an equitable resolution for an asset our firm accepted in good faith as settlement of an unpaid debt.

Accordingly, we respectfully request the opportunity to meet with District staff and the Board to discuss whether the District has an interest in reacquiring the 27 EDUs and, if so, to negotiate mutually agreeable terms for their transfer.

Keyes Community Service District
Request for Reacquisition of Wastewater
July 2, 2026
Page 2

We appreciate your consideration of this request and look forward to your response. Should the District require any additional documentation regarding the transfer or our ownership of the reserved wastewater treatment capacity, we would be pleased to provide it.

Respectfully,

A handwritten signature in black ink, appearing to read 'Jim Freitas', with a stylized, looping flourish at the end.

Jim Freitas

President

Associated Engineering Group, Inc.

N&B NEUMILLER & BEARDSLEE
A PROFESSIONAL CORPORATION • ATTORNEYS & COUNSELORS

ESTABLISHED 1903

49068-35779

Daniel J. Schroeder

August 28, 2009

509 WEST WHEEL AVENUE
FIFTH FLOOR
STOCKTON, CA 95203

POST OFFICE BOX 20
STOCKTON, CA 95201-3020

(209) 948-8200
(209) 948-4910 FAX

FROM MODESTO:
(209) 577-8200
(209) 577-4910 FAX

Ron Hatley
2176 Eucalyptus Street
Atwater, CA 95301

Associated Engineering Group, Inc.
Attn: Dave Skidmore
4206 Technology Drive
Modesto, CA 95356

Re: Keyes Community Services District Transfer Agreement

Gentlemen:

At its regular board meeting on August 25, 2009, the District Board of Directors approved the Transfer Agreement between Mr. Hatley and Nunes Subdivision, LLC, and Associated Engineering Group, Inc. Enclosed please find a fully executed copy of the agreement. Pursuant to subparagraph C.5, this agreement is conditioned upon Mr. Hatley paying the District's reasonable legal fees. The District will be forwarding an invoice to Mr. Hatley for said fees shortly.

Should you have any questions or concerns, please do not hesitate to contact me.

Very truly yours,



DANIEL J. SCHROEDER
Attorney-at-Law

DJS:cln

Enclosure

cc: Rosemary Winter (w/encs.)

KEYES COMMUNITY SERVICES DISTRICT**TRANSFER AGREEMENT**

This Transfer Agreement ("Agreement") is entered into and effective this 28th day of July, 2009 ("Effective Date"), by and between the Keyes Community Services District ("District"), a community services district organized under Government Code Sections 61000 et. seq., Ron Hatley (hereinafter "Owner"), Nunes Subdivision, LLC (hereinafter "Nunes") and Associated Engineering Group, Inc. (hereinafter "Associated"). Each of the aforesaid entities may hereinafter be referred to as the "Party" or collectively as the "Parties."

Recitals

1. District provides wastewater treatment services for residents within the District through its existing wastewater collection system ("System").
2. In or about May of 2005, the District issued to the Owner a permit ("Permit") to connect to the District's Public Sewer System of 63 single family EDU's (18,900 gpd) (hereinafter "Capacity") for property identified as 4827 Nunes Road ("Property") located within the District. The Permit and service of the Capacity was and is conditioned on improvements being first made to the Foote Road Lift Station aka Main Lift Station (hereinafter "Condition") in order for the lift station to handle the added Capacity.
3. The Owner desire so transfer the rights and Conditions of the Permit and Capacity as follows: 36 EDU's (10,800 gpd) to Nunes, and 27 EDU's (8,100 gpd) to Associated (hereinafter collectively "Transferees").
4. The Parties understand that they will be bound by the terms of the Permit and Condition for the Capacity it is acquiring from the Owner.
4. The Owner represents that he desires to assign the benefits and burdens of the Permit to the Transferees and that he will have no interest in the Permit or the Capacity upon the execution of this Agreement.

Agreement

NOW THEREFORE, in consideration of the mutual promises, conditions, and covenants herein contained, the Parties agree as follows:

A. Purpose of Agreement

The purpose of this Agreement is to approve the transfer of the Permit and Capacity from the Owner to Nunes and Associated and confirm the District's approval of said transfer.

B. Transfer of the Capacity

1. Owner's Transfer. Owner hereby transfers all of his interest and rights in the Permit and Capacity as follows:

- a. 36 EDU's (10,800 gpd) to Nunes;
- b. 27 EDU's (8,100 gpd) to Associated.

2. Transferees Obligations. Transferees shall strictly perform all of the following obligations:

a. Permit. The Transferees shall be bound to the District for the Capacity in the same manner as the Owner in the Permit.

b. Service Condition. The Transferees acknowledges that they understand that they cannot make use of the Capacity in the Permit or connect to the District's Public Sewer System unless and until the Condition is fully satisfied. The Transferees further acknowledge and understand that the District has no obligation to satisfy the Condition and that said Condition shall be satisfied sometime in the future by parties other than the District. The District further represents that it does not know when or if the Condition will be satisfied or by whom.

d. Ordinance Compliance. Transferees agree to fully comply with all District Ordinances and amendments in the performance of this Agreement.

2. District Obligations. The District's obligations shall be the same as those set forth in the Permit and Condition regarding the Capacity assigned to the Parties by this Agreement.

C. Miscellaneous Provisions

1. Approval by District. All physical connection shall to be done to the satisfaction of the District, and consistent with any plans, specifications and conditions to be approved by the District. Transferees shall commence no work until authorized by the District.

2. Permits. Owner hereby represents that it is the holder of the rights to the Permit and Capacity and has not assigned or transferred them to any anyone other than as set forth in this Agreement. Transferees shall not attempt to assign the Permit and

Capacity to a third party unless the Transferees first provides written notice of the proposed assignment to the District and the District approves the assignment, the approval of which will not be unreasonably withheld.

3. District Rules. Transferees agree to comply with all of the provisions of the District's Ordinances and resolutions, as may be amended from time to time, and any additional ordinances, rules or policies that may be in effect.

4. Compliance with law. All procedures, design, work, materials, capacities and facilities and other improvements and the installation, maintenance and operation thereof shall be based on and/or performed in strict compliance with the provisions of the latest revisions of the Federal, State local and district statutes, ordinances, rules, regulations, standards and specifications and generally accepted standards of waterworks, sewer works, and road works practices, insofar as deemed appropriate by the District considering the conditions and where not in conflict with District standards.

5. District's Legal Fees. As a condition subsequent to this Agreement, Owner shall pay to the District the reasonable legal fees incurred by the District regarding this Agreement.

E. Indemnity and Hold Harmless

The Owner and Transferees hereby agree to hold harmless District, its elective and appointive boards, commissions, officers, agents, and employees, from any liability for third party claims to the Permit, Capacity or this Agreement and shall indemnify and defend District and its elective and appointive boards, commissions, Officers, agents and employees from any suits or actions at law or in equity for damages caused, or alleged to have been caused, by reason of this Agreement, the Permit or Capacity and for any legal challenges to this Agreement, the Permit or Capacity. The Owner and Transferees shall pay all reasonable attorney's fees and costs that the District may incur as a result of any suits or liability provided for in this Agreement.

F. No Agency

Neither the Owner, Transferees nor any of their agents or contractors are or shall be considered to be agents of District in connection with the performance of the Owner or Transferees obligations under this Agreement.

G. Successors and Assigns

This Agreement shall be binding on and inure to the benefit of the successors and assigns of the respective Parties to this Agreement. No Party may assign its interests in or obligations under this Agreement or the Permit without the written consent of the other Parties, which consent shall be granted within the sole discretion of the Parties.

H. General Provisions

1. **Jurisdiction and Venue.** The Parties agree that any litigation involving the construction of this Agreement shall be brought in the Superior Court of Stanislaus County.

2. **Authority.** Each signatory to this Agreement represents that he or she is authorized to execute this Agreement on behalf of one of the Parties to this Agreement. Each Party represents that it has legal authority to enter into this Agreement and to perform all obligations under this Agreement.

3. **Heading.** The paragraph headings used in this Agreement are intended for convenience only and shall not be used in interpreting this Agreement or in determining any of the rights or obligations of the Parties to this Agreement.

4. **Construction and Interpretation.** This Agreement has been arrived at through negotiation and each Party has had a full and fair opportunity to revise the terms of this Agreement. As a result, the normal rule of construction that any ambiguities are to be resolved against the drafting Party shall not apply in the construction or interpretation of this Agreement.

5. **Waiver.** No waiver of any violation or breach of this Agreement shall be considered to be a waiver or breach of any other violation or breach of this Agreement, and forbearance to enforce one or more of the remedies provided in this Agreement shall not be deemed to be a waiver of that remedy.

6. **Attorneys' Fees and Costs.** The prevailing Party in any litigation or other action to enforce or interpret this Agreement shall be entitled to reasonable attorneys' fees, expert witnesses' fees, costs of suit, and other and necessary disbursements in addition to any other relief.

7. **Entire Agreement.** This Agreement constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement and supersedes any prior oral or written agreement, understanding, or representation relating to the subject matter of this Agreement.

8. **Partial Invalidity.** If, after the date of execution of this Agreement, any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable. However, in lieu thereof, there shall be added a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

9. **Necessary Actions.** Each party agrees to execute and deliver additional documents and instruments and to take any additional actions as may be reasonably required to carry out the purposes of this Agreement.

10. Compliance with Law. In performing their respective obligations under this Agreement, the Parties shall comply with and conform to all applicable laws, rules, regulations and ordinances.

11. Third Party Beneficiaries. This Agreement shall not create any right or interest in any non-Party or in any member of the public as a third party beneficiary.

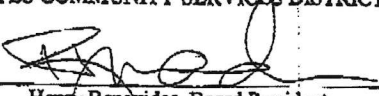
12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

13. Notices. All notices, requests, demands or other communications required or permitted under this Agreement shall be in writing unless provided otherwise in this Agreement and shall be deemed to have been duly give and received on (i) the date of service if served personally or served by facsimile transmission on the Party to whom notice is to be given at the address(es) provided below, (ii) on the first day after mailing, if mailed by Federal Express, U.S. Express Mail, or other similar overnight courier service, postage prepaid, and addressed as provided below, or (iii) on the third day after mailing if mailed to the Party to whom notice is to be given by first class mail, registered or certified, postage prepaid, addressed as follows:

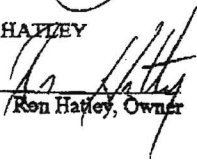
To District:	Keyes Community Services District Attn: District Manager P.O. Box 669 Keyes, CA 95328 Phone: (209) 668-8341 Facsimile: (209) 668-8396
To Owner:	Ron Hatley 2176 Eucalyptus Street Atwater, CA 95301
To Nunes:	Nunes Subdivision, LLC Attn: Edward Thiel or Manager P.O. Box 568 Chowchilla, CA 93610
To Associated:	Associated Engineering Group, Inc. Attn: Dave Skidmore or President 4206 Technology Drive Modesto, CA 95356

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

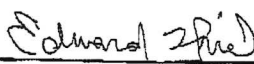
KEYES COMMUNITY SERVICES DISTRICT

By: 
Henry Benavides, Board President

RON HATLEY

By: 
Ron Hatley, Owner

NUNES SUBDIVISION, LLC

By: 
Edward Thiel, Authorized Agent

ASSOCIATED ENGINEERING GROUP, INC.

By: 
Dave Skidmore, President

KEYES COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS MEETING

Date: Tuesday, January 27, 2015

Time: 6:00 p.m.

1. Call to Order

The meeting was called to order at 6:00p.m.

2. Pledge of Allegiance

3. Roll Call

Present were President Parker, Vice President Bernal, Director Alexander, Director Jones and Director Rice.

4. Public Comment on Agenda and Non-Agenda Items

None

5. Consent Agenda

A) Approve Minutes of January 27, 2015.

B) Approve Warrant Register for February 24,2015.

There was a motion made to approve the Consent Agenda by Director Jones and a second by Director Alexander. Director Jones(M), Director Alexander(S), President Parker(AYE), Vice President Bernal(AYE) and Director Rice(AYE).

6 DISCUSSION/POSSIBLE ACTION ITEMS

A) Discussion and Possible Action to approve request to reimburse or purchase back sewer capacity from Mr. Hatley.

In May of 2005 the District issued Mr. Ron Hatley a permit to connect 63 single family dwellings to the sewer system. Mr. Hatley paid \$60,342.38 to District so the District could purchase treatment capacity in Turlock WWTF for the 63 single family dwellings. This payment was not for sewer connections it was for sewer capacity. Mr. Hatley is asking that the Board reimburse or purchase back 36 of the 63 EDU's that he purchased. One EDU is priced at \$957.82. Mr. Hatley is seeking the amount of \$34,481.36. General Manager Garza explained that we were contacted by City of Turlock informing us that the District has been exceeding the purchased capacity amounts for BOD and SS in the sewer effluent. In the last 11 months the District has exceeded the BOD limit 6 times by up to 659 lbs and exceeded the SS 10 times. The District has been assessed \$9,682.16 in penalties since July 2014. General Manager Garza said it would benefit the District to purchase or reimburse Mr. Hatley for the sewer capacity of 36 EDU's. He explained that the sewer capacity that Mr. Hatley purchased has minimized our penalties. General Manger Garza recommended the Board approve Mr. Hatleys' request to purchase or reimburse the 36 EDU's for \$34,481.36 and have legal counsel draw up an agreement. There was a motion made by Director Jones and a second by Director Alexander to purchase the 36 EDU's from Mr. Hatley. Director Jones(M), Director

Alexander(S), President Parker(AYE), Vice President Bernal(AYE) and Director Rice(AYE).

B) Discussion and Waiving of the First Reading regarding Ordinance 2015-1, an Amendment to the Ordinance 2013-2. Ordinance Decreasing Administrative Charges Applied to Credit Card Transactions.

Board Secretary Michelle Harris explained that in October of 2014 some representatives from Wells Fargo came and spoke to the Board about their Credit Card Services. The Board agreed at that time to switch providers. We are asking for the Board to make a motion to waive the first reading of Ordinance 2015-1, an Ordinance decreasing Administrative Charges applied to Credit Card transactions. This will save our customers \$2.49 on their Credit Card transactions. There was a motion made by Director Alexander and a second by Director Rice. Director Alexander(M), Director Rice(S), President Parker(AYE), Vice President Bernal(AYE) and Director Jones(AYE).

C) Discussion and Waiving of the First Reading regarding Ordinance 2015-2, An Ordinance Authorizing Payment of Customer Bill by Debit Card.

Board Secretary Michelle Harris explained that in October of 2014 some representatives from Wells Fargo came and spoke to the Board about Debit Card Services. The Board agreed at that time to authorize payment by Debit Card. We are asking for the Board to make a motion to waive the first reading of Ordinance 2015-2, an Ordinance authorizing payment of customer bills by debit card. Customers will save \$1.89 if they choose to use their debit cards verses credit cards. There was a motion by Director Rice and a second by Director Alexander. Director Rice(M), Director Alexander(S), President Parker(AYE), Vice President Bernal(AYE) and Director Jones(AYE).

D) Consider a Motion to accept Resolution 2015-499, A Resolution of the Board of Directors of KCSD approving the form of and authorizing the execution of a sixth amended joint powers agreement and authorizing participation in the Special District Risk Management Authority property/liability program and workers' compensation programs.

Secretary Michelle Harris explained that last year the County informed the District that they would not be handling our Health Insurance after December 31, 2014. They referred us to SDRMA, a company that deals specifically with Special Districts. While looking over their benefits I asked for them to send a quote on Liability as well as Work Comp. After talking with General Manager Garza and comparing the numbers it was evident there would be a substantial savings by switching. The District would be saving and estimated \$3,000.00 a year on Property/Liability Insurance as well as an estimated \$15,000.00 a year on Workers' Compensation Insurance. We are asking for the Board to consider a motion to accept Resolution 2015-499, A Resolution of the Board of Directors of KCSD approving the form of and authorizing the execution of a sixth amended joint powers agreement and authorizing participation in the Special District Risk Management Authority property/liability program and workers' compensation programs. There was a motion made by Director Alexander and a second by Vice President Bernal. Director

Alexander(M), Vice President Bernal(S), President Parker(AYE), Director Alexander(AYE) and Director Jones(AYE).

E) Consider a motion for the Execution and delivery of the Sixth Amended Joint Power Agreement of the SDRMA.

This item falls under Item D.

F) Consider a motion to approve the Application for a Public Entity Certificate of Consent to self insure.

Secretary Michelle Harris explained that since we are going out for our own insurance we need to have an approved application for a Public Entity Certificate. This will allow the District to self insure. We are asking for the Board to make a motion to approve the Application for a Public Entity Certificate. There was a motion by Director Rice and a second by Vice President Bernal. Director Rice(M), Vice President Bernal(S), President Parker(AYE), Director Alexander(AYE) and Director Jones(AYE).

G) Discussion and Possible Action to consider request for reduction of utility charges at 4413 Esmail.

General Manager Garza referred back to the minutes of December 16, 2014. President Parker told River to go to the County and have his property signed off as a single family dwelling unit and the Board would vote on it at the January Board Meeting. Our attorney also expressed to have it signed off as a one building verses a two building. River brought some papers to give to the Board to look over regarding the property. President Parker said that after looking over the documents it looks as if there has been nothing been done stating that they rezoned the property to become a single dwelling unit. River said that is correct. River stated that the county told him they could not write a letter stating it is a single dwelling unit. River explained that it is considered two buildings but it is one dwelling unit because of the address being the same for both buildings. River tried to use examples of other homes in Keyes that have two buildings on the parcel. Secretary Michelle Harris went over the addresses that River was referring to and explained that they were being charged correctly. Vice President Bernal told River to go to the County and get a letter and come back and we will vote on the subject otherwise we are moving on. River asked why we are charging him two single family fees instead of two multifamily fees? Attorney Rod Atteberry explained that in the first e mail that River sent it states that the definition of premises is, "premises" shall mean a lot or parcel of real property under one ownership, except that any separate structure under one roof shall be deemed separate premises. apartment houses, motels, office buildings and structures of like nature may be classified as single premises. He stated that regardless of whether there is two addresses or APN numbers you have two premises. River said it is not a separate structure under one roof it is a together structure under one roof. Attorney Kurtis Keller explained that it has the potential to be rented to two separate entities but even though it is only being rented to a single family doesn't change the billing process. Attorney Rod Atteberry asked if the home was metered and he was told yes. River said there is only one meter. Rod asked if there were other properties that have the same situation and he was told no. Secretary Michelle Harris explained that other people have purchased another meter so they can split the services and receive two bills verses one.

President Parker stated again that if you go to the County and get a letter we can vote on it. No Action Taken.

6. Items from General Manager:

A) General Manager Garza stated that there were 50 start/stop service requests. There was a water quality complaint that was determined to be the customers water softener causing water to be discolored. Spratling School's water usage was investigated last month and determined that the water readings were correct. The school still has some concerns so we the District is going to have an independent meter tester come out to verify the meter accuracy. Staff discovered a 6 foot diameter hole dug in an alley around one of our meter boxes and the service line was damaged and leaking, so it was repaired and the hole was filled in. The street light project should be finished in the next 2 weeks, it was delayed because of the holidays and a family emergency.

B) There was a letter that was sent to Jule Rizzardo with State Water Board regarding the scenario that Keyes CSD is facing regarding the funding for the Arsenic Treatment Facility. Jule Rizzardo works with small disadvantaged communities. Ernie wanted to let everyone know that he was very thankful to everyone who helped in writing this letter.

7. Staff Comments

Attorney Kurtis Keller reported on the baseball diamond lighting and whether or not the District had to authority or the financing mechanism which to support, install or maintain park lights. The District is a Special Purpose District and it has limited powers of CSD laws. The first question we have is do we have the authority to do so. The second question is there financing available? The fees were based on the number of street lights. Since the fees come from the street lights the question is what funds do we have to provide for park lighting. He stated that legally we don't have funds that can be legally used for that.

8. Director Comments

Ernie spoke for Lee Fremming who was absent. He referred to the letter that was sent to SWRCB requesting additional grant funding to offset the higher than expected project cost estimate. Dave Remick called and said that he concurred with the letter and his recommendation to give the District additional grant funds had been sent to SWRCB headquarters. There is still no change on the main lift station. At Bonita Ranch the meter box lids need to be replaced. They need to deposit one year of street light O&M costs, and we are still waiting on various documents. There is also still no change in the Mobile Home Parks and Teen Ranch.

Attorney Rod Atteberry handed out the new Brown Act book, there were no changes made.

President Parker wanted to get some extra information on the sewer problem that we are facing. He would like something to put together to educate the Board.

9. Adjournment:

There was a motion made at 6:46 p.m. to adjourn by Director Alexander and a second by Director Rice. Director Alexander(M), Director Rice(S), President Parker(AYE), Vice President Bernal(AYE) and Director Jones(AYE).

Minutes taken by: Michelle Harris

Minutes typed by: Michelle Harris

SEWER CAPACITY PURCHASE REQUEST STAFF REPORT

RECOMMENDATION:

That the Board of Directors approves the request from Mr. Ron Hatley for reimbursement/purchase of sewer capacity for 36 EDUs in the amount of \$34,481.36.

BACKGROUND

The District engineer's staff report for the December 16, 2014 Board meeting stated:

"Based on research of our files, in and about May of 2005 the District issued Mr. Ron Hatley a "permit" (probably a contingent can and will serve letter) to connect 63 single family dwellings to the sewer system. These connections were contingent upon replacement of the Foote Road lift station and the construction of a new force main from the end of the existing force main near Monte Vista Avenue to Tegner Road (near the Costco). In and around March of 2006 Mr. Hatley paid \$60,342.38 to the District so that the District could purchase treatment capacity in the Turlock WWTF for the 63 single family dwellings. This payment was not for sewer connections, but it would offset the cost of the sewer capacity fee. In 2008 due to the housing crash, Proposition E and the fact that sewer connections were not available, Mr. Hatley, through his engineer, requested that the City of Turlock or District buy the treatment capacity from him. This request was denied. At the Board Meeting of August 25, 2009 the District approved an agreement allowing Mr. Hatley to transfer his permit rights to Nunes Subdivision, LLC and Associated Engineering Group".

On March 29, 2006 our District Engineer received a letter from the City of Turlock with information regarding the purchase of sewer capacity by Mr. Hatley. It stated that the purchase was for 18,900 gal/day of Flow and that the City of Turlock had included quantities of 24 lbs/day of BOD and 24 lbs of TSS. The cost of Flow was ($\$2,669,330.02 * .0189 = \$50,450.34$), BOD ($24 \text{ lb} * \$359.02/\text{lb} = \$8,616.48$) and TSS ($24 \text{ lb} * \$53.15/\text{lb} = \1275.60) equating to the cost of \$60,342.38.

Of the 63 EDUs that were permitted to be transferred on August 25, 2009, 36 EDUs were transferred to Nunes and 27 EDUs went to Associated Engineering Group. Ron Hatley, owner of Nunes Subdivision, LLC is proposing to relinquish the 36 EDUs and is requesting reimbursement of their purchase capacity price.

The total purchase price for capacity of 63 EDUs was \$60,342.38. This amount divided by 63 EDUs sets the price for 1 EDU at \$957.82. This amount times 36 EDUs for the Nunes Subdivision comes to \$34,481.36. This is the reimbursement amount that Mr. Hatley is seeking.

ANALYSIS:

Last month we received a letter from the City of Turlock informing us that the District has been exceeding the purchased capacity amounts for BOD and SS in the sewer effluent. We were

informed that in the last 11 months, we have exceeded our BOD limit 6 times by up to 659 lbs and exceeded the SS 10 times with the highest amount being 1,779 lbs. There are penalties imposed on the District for exceeding these permitted limits. The availability of the capacity amount purchased by Mr. Hatley for use by the District has minimized these penalties. The penalty for exceeding BOD is \$46.01 per lb and SS \$6.81 per lb. (24 BOD/lb x \$46.01=\$1104.24 and 24 SS/lb x \$6.81=\$163.44).

The District has been assessed \$9,682.16 in penalties since July 2014. Since the District is in dire need of additional capacity for BOD and SS, it would behoove the District to purchase or reimburse Mr. Hatley for the sewer capacity of 36 EDUs.

On May 30, 2006 the District's legal counsel sent a letter to Ron Hatley acknowledging receipt of a check for \$60,342.38 that was intended for purchase of sewer capacity from the City of Turlock. The letter went on to say that if connections for any portion of the sewer capacity have not been made within 10 years from the date of purchase, the District shall have the right to purchase from the property owner the remaining capacity at a price equal to the number of connections remaining divided by the total number of connections purchased multiplied by the initial purchase price, plus interest at the rate of 6% per annum from the date of original purchase until the date of the District's tender of payment.

At the time of sewer capacity purchase, the majority of the purchase amount of \$60,348.34 was for Flow (18,900 gal/day) at a cost of \$50,450.34 which does not have an immediate benefit to the District. We presently have a permitted 615,900 gal/day of Flow of which we only use an estimated average of 350,000 gal/day. In the interest of fairness, the stated conditions in the letter for purchase of capacity from the owner plus interest should not apply. I have discussed this issue with Mr. Hatley and he concurs with my assessment.

Exhibits:

1. Request by Linda Hatley for reimbursement or purchase of sewer capacity.
2. City of Turlock letter dated March 29, 2006 approving sewer capacity purchase.
3. City of Turlock letter dated December 12, 2014 regarding Sewer Exceedances.
4. KCSD legal counsel letter dated May 30, 2006 regarding sewer capacity purchase.

Respectfully submitted,

Ernie Garza
General Manager

KEYES COMMUNITY SERVICES DISTRICT**CAPACITY RELINQUISHMENT AND REFUND AGREEMENT**

This Capacity Relinquishment and Refund Agreement ("Agreement") is entered into and effective this 26th day of March, 2015 ("Effective Date"), by and between the Keyes Community Services District ("District"), a community services district organized under Government Code Sections 61000 et seq. and Ron Hatley (hereinafter "Owner"). Each of the aforesaid entities may hereinafter be referred to as the "Party" or collectively as the "Parties."

Recitals

1. District provides wastewater treatment services for residents within the District through its existing wastewater collection system ("System").
2. In or about May of 2006, the District issued to Owner a permit to connect to the District's Public Sewer System at a permitted capacity of 63 single family EDUs (18,900 gpd) ("Permit") for property identified as 4827 Nunes Road ("Property") located within the District. As a condition of the Permit, Owner paid to District a permit fee of \$60,342.38.
3. On July 28, 2009, Owner transferred to Nunes Subdivision, LLC the rights and conditions of the Permit for 36 EDUs (10,800 gpd) of the permitted capacity.
4. Nunes Subdivision, LLC was cancelled in 2010. Owner asserts, as an original member of Nunes Subdivision, LLC, that upon cancellation all the rights and conditions of the Permit for 36 EDUs of the permitted capacity was distributed to Owner.
5. Owner has determined that it will not utilize the 36 EDUs of permitted capacity that are under its control and desires a refund of monies paid in return for relinquishment of any interest in the rights and conditions of the Permit corresponding to the 36 EDUs.
6. District has determined it is in the District's interest to limit new additional uses of the System at this time.
7. Accordingly, the Parties find it mutually beneficial that Owner relinquish to District all interest in the rights and conditions of the Permit corresponding to the 36 EDUs and that District refund to Owner the pro-rata share of the permit fee paid for the 36 EDUs of permitted capacity in the amount of \$34,481.36.

Agreement

NOW THEREFORE, in consideration of the mutual promises, conditions, and covenants herein contained, the Parties agree as follows:

1. Relinquishment of Right to Capacity. Owner agrees to relinquish to District its interest in the rights and conditions of the Permit and Capacity corresponding to the right to connect 36 EDUs to the System.

2. Refund of Pro-Rata Share of Permit Fee. Within 30 days of the effective date of this Agreement, District agrees to refund to Owner Thirty Four Thousand Four Hundred Eighty One Dollars and Thirty Six Cents (\$34,481.36).

3. Miscellaneous Provisions

A. Representation of Owner's Interest. Owner hereby represents that it is the legal holder of a 36/63 interest in the rights and conditions of the Permit and Capacity, corresponding to the right to connect 36 EDUs to the System, and has not assigned or transferred any part of that interest except as set forth in this Agreement.

B. Permit. Except as provided for in this Agreement, the provisions of the Permit and Transfer Agreement remain in full force and effect as to the remaining permitted 27 EDUs.

C. District's Legal Fees. As a condition subsequent to this Agreement, Owner shall pay to the District the reasonable legal fees incurred by the District regarding this Agreement.

4. Indemnity and Hold Harmless. Owner hereby agrees to hold harmless District, its elective and appointive boards, commissions, officers, agents, and employees, from any liability for third party claims to the Permit, the permitted capacity, the 2009 Transfer Agreement, or this Agreement and shall indemnify and defend District and its elective and appointive boards, commissions, officers, agents and employees from any suits or actions at law or in equity for damages caused, or alleged to have been caused, by reason of this Agreement, the Permit, the permitted capacity, or the 2009 Transfer Agreement, and for any legal challenges to this Agreement. Owner shall pay all reasonable attorneys' fees and costs that District may incur as a result of any suits or liability as provided for in this Agreement.

5. General Provisions

A. Jurisdiction and Venue. The Parties agree that any litigation involving the construction of this Agreement shall be brought in the Superior Court of Stanislaus County.

B. Authority. Each signatory to this Agreement represents that he or she is authorized to execute this Agreement on behalf of one of the Parties to this Agreement. Each Party represents that it has legal authority to enter into this Agreement and to perform all obligations under this Agreement.

C. No Agency. Neither Owner nor any of its agents or contractors are or shall be considered to be agents of District in connection with the performance under this Agreement.

D. Headings. The paragraph headings used in this Agreement are intended for convenience only and shall not be used in interpreting this Agreement or in determining any of the rights or obligations of the Parties to this Agreement.

E. Construction and Interpretation. This Agreement has been arrived at through negotiation and each Party has had a full and fair opportunity to revise the terms of this Agreement. As a result, the normal rule of construction that any ambiguities are to be resolved against the drafting Party shall not apply in the construction or interpretation of this Agreement.

F. Waiver. No waiver of any violation or breach of this Agreement shall be considered to be a waiver or breach of any other violation or breach of this Agreement, and forbearance to enforce one or more of the remedies provided in this Agreement shall not be deemed to be a waiver of that remedy.

G. Attorneys' Fees and Costs. The prevailing Party in any litigation or other action to enforce or interpret this Agreement shall be entitled to reasonable attorneys' fees, expert witnesses' fees, costs of suit, and other and necessary disbursements in addition to any other relief.

H. Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement and supersedes any prior oral or written agreement, understanding, or representation relating to the subject matter of this Agreement.

I. Partial Invalidity. If, after the date of execution of this Agreement, any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable. However, in lieu thereof, there shall be added a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

J. Necessary Actions. Each party agrees to execute and deliver additional documents and instruments and to take any additional actions as may be reasonably required to carry out the purposes of this Agreement.

K. Compliance with Law. In performing their respective obligations under this Agreement, the Parties shall comply with and conform to all applicable laws, rules, regulations, and ordinances.

L. Third Party Beneficiaries. This Agreement shall not create any right or interest in any non-Party or in any member of the public as a third party beneficiary.

M. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

N. Notices. All notices, requests, demands, or other communications required or permitted under this Agreement shall be in writing unless provided otherwise in this Agreement and shall be deemed to have been duly give and received on (i) the date of service if served personally or served by facsimile transmission on the Party to whom notice is to be given at the address(es) provided below, (ii) on the first day after mailing, if mailed by Federal Express, U.S. Express Mail, or other similar overnight courier service, postage prepaid, and addressed as provided below, or (iii) on the third day after mailing if mailed to the Party to whom notice is to be given by first class mail, registered or certified, postage prepaid, addressed as follows:

To District:

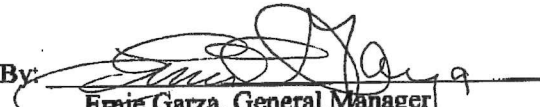
Keyes Community Services District
Attn: Ernie Garza, District Manager
P.O. Box 669
Keyes, CA 95328
Phone: (209) 668-8341
Facsimile: (209) 668-8396

To Owner:

Ron Hatley
2176 Eucalyptus Street
Atwater, CA 95301

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

KEYES COMMUNITY SERVICES DISTRICT

By: 
Ernie Garza, General Manager
Keyes Community Services District

RON HATLEY

By: 
Ron Hatley, Owner

KEYES COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS MEETING

Date: Tuesday, August 28, 2012

Revised

- I. The regular meeting of the Board of the Keyes Community Services District was called to order at 6:00 p.m.
- II. Present were President Parker, Vice President Chadwick, Director Landers, Director Benavides and Director Bernal. Also present were Attorney, Rod Attebery, Operations Supervisor, Eddie Jones and District Secretary, Michelle Harris was absent, Rosemary Winter took her place.
- III. None.

IV. CONSENT AGENDA:

There was a motion by Director Landers and a second by Director Bernal to approve the Consent Agenda. Director Landers(M), Director Bernal(S), President Parker(AYE), Vice President Chadwick(AYE) and Director Benavides(AYE).

1. MINUTES

- a. Approve Minutes of July 24, 2012.
2. Approve the Warrant Register for August 28, 2012.

V. DISCUSSION/POSSIBLE ACTION ITEMS

3. Discuss and possible action regarding customer complaint Francisco Ruben Lopez.

- a. Customer was charged a late fee during Prop 218 because of payment being placed in voting envelope. Service was not stopped on July 1, 2012. We did not receive a letter that was mailed by customer to stop her service so she has been charged for water and sewer and a usage charge for 5 units of water during the month of July, 2012.

No Action.

4. Engineer's Report/Discuss and Possible Action

- a. Consider designating the District Engineer as Project Manager for the Arsenic Mitigation Project and as the negotiator for land acquisitions that will be needed for the project.

The proposed Arsenic Mitigation Project Manager duties would include:

- i. Review and comment on consultant (i.e., financial, design, geotechnical, labor compliance, environmental, etc.) reports, plans, specifications, applications, contracts, invoices, etc. as applicable. Also, coordinate with and monitor the progress of the consultants.
- ii. Take the lead with Safe Drinking Water SRF construction loan application.
- iii. Monitor other funding application processes (e.g., USDA, RCAC, I-Bank (and provide assistance as needed.
- iv. Prepare a Gantt (bar) Chart schedule and update as needed.
- v. Coordinate and attend project meetings.
- vi. Prepare and present status reports to the Board of Directors.
- vii. Keep a list of tasks that must be completed for the project and update the lists as needed.
- viii. Serve as the negotiator for land acquisitions.

A motion was made by Director Landers and a second by Director Bernal. Director Landers (M), Director Bernal (S), Vice President Chadwick (AYE), President Parker (AYE), Director Benavides (AYE).

5. Consideration and Discussion regarding agreement with A.M. Peche and associates. (Lee Fremming)

Lee said that Albert is working mainly with USDA to where he is working with the SRF and he said that they need to be compensated for the company they work with and not what ever company we get funding from. Albert stated that he could help with a lot of this stuff. He also said that he would be willing to come back and amend his agreement. Casey states that during this time we should get a GM and when and if we do the duties could be turned over to him or her regarding this matter.

6. Discuss and possible action regarding Audit bid.

- a. Proposal from Clendenin & Bird.
- b. Proposal from Atherton & Associates.
- c. Proposal from Hawks CPA.

There was an agreement to use Hawks CPA for a year then it would be reevaluated. He is going to charge us the rate of \$11,300. A motion was made by Vice President Chadwick and a second by Director Landers. Vice President Chadwick (M), Director Landers (S), President Parker (AYE), Director Bernal (AYE) Director Benavides (AYE).

7. Insurance Premiums for Keyes Community Services District. (Rod Atteberry)

- a. Greg Dohrmann Ins Agency.
- b. Capax.

The Board would like for us to arrange appointments to meet with each insurance agent next month.

8. Discuss and consider adoption of Employee Handbook Revision 2012.

Motion to adopt Employee Manual 2012 and create ad hoc committee to consider additional revisions, motion by Chadwick, second Landers, approved unanimously. The ad hoc committee will meet on September 11, 2012 at 4 p.m. The ad hoc committee will be Director Landers, Director Bernal, Mike Jones and Adrian Loza. The committee will bring this back other revisions to the next meeting.

9. Discuss and possible action regarding employees to buy back vacation accrual. (Mike Jones) ad hoc committee to make recommendation.
10. Discuss and possible action to purchase 38 sewer connections.
 - a. **Mr. Hatley has withdrawn his request at this time and will advise if this needs to be added to the agenda.**
No action taken.
11. **Director/Staff Comments:**
 - a. **The MAC Committee would like to use our facilities for the Annual Community Night Out on September 20, 2012 at 6 p.m. People attending are KCSD, MAC, Keyes Fire Department, Sherriff's Department, Highway Patrol and Keyes Community School Board. There will be tables set up with information to be handed out and there will be Hot Dogs, Chips and water served. This will be held outside like it was last year. (Davie Landers)**
 - b. **Other Items.**
There was an agreement to set up here at the District for the Annual Community Night Out.

Take a 10 minute recess at 7:23.

12. **Closed Session:**
 - a. **Pursuant to Government Code Section 54957.6 CONFERENCE WITH LABOR NEGOTIATOR**
Agency Representative: **Chair Johnathon Parker**
Unrepresented Employee: **Rosemary Winter – Office Supervisor**
Went into Closed Session at 7:33 p.m.
Came out of Closed Session at 8:07 p.m.

13. **Report from Closed Session.**
No Reportable Action.

14. **Motion to add agenda item tTo consider Office Supervisor salaried position, pursuant to Gov't. Code §54954.2.**
There was a motion by Director Benavides and a second by Director Landers. Director Benavides (M) Director Landers (S) Vice President Chadwick (AYE) President Parker (AYE) Director Bernal (AYE).

~~No change in salary, benefits to continue.~~

Michelle Harris

From: Keller, Kurtis C. <kkeller@neumiller.com>
Sent: Thursday, March 12, 2015 3:36 PM
To: Ernie Garza
Cc: Attebery, Rod; Michelle Harris
Subject: Hatley Refund Agreement
Attachments: Hatley - Capacity Relinquishment and Refund Agreement.pdf; _Certification_.htm

Ernie,

Attached for your review is a refund agreement between KCSD and Ron Hatley.

As we discussed, it includes an indemnity provision that obligates Ron to defend and hold the District harmless in the event a third party makes any claim to the returned capacity or the refunded dollars.

Also as we discussed, this agreement returns only a part of the capacity to the District and refunds only a portion of the Permit fee to Ron. The original Permit fee paid by Ron was \$60,342.38 for 63 EDUs. This agreement returns 36 EDUs to the District and refunds the pro rata portion of the Permit fee (\$34,481.36) to Ron. Therefore, there is still 27 EDUs outstanding held by Associated Engineering for which the District retains the original fee of \$25,861.14.

The action taken by the Board on this matter was approving Ron's request that the District purchase back the 36 EDUs of capacity subject to an agreement drafted by legal counsel. The attached is drafted for your signature.

If you have any questions, please feel free to call.

Thank you,
Kurtis

Kurtis C. Keller
Attorney-at-Law
Neumiller & Beardslee
kkeller@neumiller.com
(209) 948-8200
(209) 948-4910 (fax)

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Report Date: 09/22/18
 Run Date...: 09/22/18 13:43
 Run by.....: MICHELLE HARRIS

Keyes Community Serv Dist
 G/L Trial Balance - Detail in the Order of FUND
 For All Accounts
 With a Mask of 20* 1025* ****
 Beginning of.: July 1, 2014 (01-15) Thru Ending of.: June 30, 2015 (12-15)

Page.: 1
 ID # GLTB
 CTL.: KEY

3/L	Account No	Tr	Cal.	Fisc1	Date	Jrnl	Line	Description	Debit	Credit
20	1025							Sewer DUE FROM OTHER FUNDS		
								Balance July 1, 2014 (01-15)	.00	
									32,981.36	
					Mar 2015 09-2015 04/07/15 00-02			0030 CHECK 1258 REFUND RON HATLEY FOR 36 EDU'S		
								Activity ---->	32,981.36	.00
								Balance June 30, 2015 (12-15)	32,981.36	
								REPORT TOTAL ---->	32,981.36	.00
								REPORT TOTAL for Detail Activity ---->	32,981.36	.00



Keyes Community Services District
5601 7th Street, P O Box 699
Keyes, Ca 95328
209-668-8341
209-668-8396

Agenda Item 10 A&B

Date: July 28, 2026

From: Administrative Executive and Maintenance Operations Director

Subject: Items From General Manager



Keyes Community Services District
5601 7th Street, P O Box 699
Keyes, Ca 95328
209-668-8341
209-668-8396

Memorandum

Date: July 22, 2026
To: President and Board
From: Michael Powers, General Manager
Subject: Manager's Report

Some of the things I have been working on:

"Employee Handbook" -Reviewing and drafting changes.

Ordinances-Expect to have one more meeting to review existing ordinances.

Policies and procedures-working with staff on priorities.

Risk Management-Reviewing coverages and practices.

Attended the Turlock GSA meeting for water subbasins.

GAC facility and wells-Work continues on the operational and engineering side for effective operations and approval of changes by the State

Working with staff on Accounts Payable process and expectations.

We were notified by the State of California that we are being required to have a Grade 3 Water Treatment operator, which we do not currently have. We have to have someone on



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Agenda Item 11

Date: **July 28, 2026**

From: **Staff**

Subject: **Staff Comments**



Keyes Community Services District

5601 7th Street, P O Box 699

Keyes, Ca 95328

209-668-8341

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Agenda Item 12

Date: July 28, 2026

Staff:

Subject: Open Session

**Open Session Disclosure Regarding Closed Session Items pursuant to
Government Code Section 54957**



Keyes Community Services District

5601 7th Street, P O Box 699

Keyes, Ca 95328

209-668-8341

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Agenda Item 13

Date: **July 28, 2026**

Staff:

Subject: **Closed Session**

CLOSED SESSION

Board Discussion with Legal Counsel regarding the buyback of EDUs.



Keyes Community Services District

5601 7th Street, P O Box 699

Keyes, Ca 95328

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Agenda Item 13

Date: July 28, 2026

From: Michael Powers, General Manager

Subject: Request by Associated Engineering Group for the Keyes Community Services District to purchase previously sold 27 Sewer Equivalent Dwelling Units

1. Recommended Action

It is recommended that the Board convene in closed session to discuss price and terms and provide direction to the Manager for negotiations.

2. Discussion

Keyes CSD previously sold to Ron Hatley multiple (62) Sewer Equivalent Dwelling Units in 2005. Based upon our records, the District previously purchased some of those Units. Associated Engineering became the owner of 27 EDUs in 2006. They are now requesting the District repurchase the units. The District agreed to the purchase of units previously to offset overages on volume of waste and specific conditions (BOD for example) to offset costs from the City of Turlock. We are not currently experiencing any overages other than volume, in our agreement with Turlock.

3. Fiscal Impact

Funds for purchasing the Units would come from the Sewer Fund. The Cost to purchase the Units at the prices previously paid would be \$25,861.14 (\$957.85/EDU X 27 EDUs).



Keyes Community Services District

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Keyes, Ca 95328

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Agenda Item 14

Date: July 28, 2026

Staff:

Subject: Open Session

**Open Session Disclosure Report on Closed Session Pursuant to
Government Code Section 54957.1.**



Keyes Community Services District
5601 7th Street, P O Box 699
Keyes, Ca 95328
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Agenda Item 15

Date: July 28, 2026

From: Director

Subject: Director Comments



Keyes Community Services District
5601 7th Street, P O Box 699
Keyes, Ca 95328
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Agenda Item 16

Date: **July 28, 2026**

Staff:

Subject: **Adjournment**