

**SPALDING COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING
December 13, 2024
Minutes - DRAFT**

APPROVED BY DIRECTORS:

Kathy Claytor _____
 Larry Doss _____
 Glyne Johnson _____
 Ellen Stallings _____
 Jerald Oliver _____

1. CALL TO ORDER

Meeting called to order at 3:06 P.M. by Chairman Ted Thomas

<u>Roll Call</u>	<u>Present</u>	<u>Not Present</u>
Ted Thomas	x	_____
Larry Doss	x	_____
Frank Muse	x	_____
Kathy Claytor	x	_____

3. PLEDGE OF ALLEGIANCE

Recital of the Pledge of Allegiance, led by Chairman Thomas, was spoken.

4. PUBLIC COMMENT

Dir. Thomas – Welcomed the community to the meeting and invited public comment.

Public Comment:

None.

5. APPROVAL OF THE AGENDA

Dir. Thomas – Requested removal from the agenda of Item No. 10 – Election of the Board Chairperson and Vice Chair, noting that District Ordinance Chapter 2.01.01 that the District Board shall meet and choose one of its members to be Chairman and of its members to be Vice Chairman at the first meeting in January.

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Dir. Thomas also requested removal of Item No. 11 – Time and Place of Meeting, which is determined by Resolution, will need to be decided by the new board at the Meeting in January.

Public Comment:

Anonymous - provided correspondence on behalf of Sheryl Alvernaz – Correspondence inquired as to the effective term of office and decision-making authority of the departing and new Board of Directors.

Dir. Thomas – Stated that the term of office extends to December 31st.

Anonymous, – Stated that inquiries to the Lassen County Elections Office indicated the contrary; inquired as to whether District counsel reviewed the agenda.

Dir. Thomas – Declined to speak further on the matter.

Mgr. Rogers – Explained that Mrs. Alvernaz submitted correspondence inquiring as to the order of agenda items, whether the matter of the appointment of the new Board of Directors should be moved to the top of the agenda.

Dir. Thomas – Replied that in the past the district has typically sworn in officers in December, but the effective term of office would begin in January.

Mgr. Rogers – Reminded that Board of Directors that amendments of the agenda take place at the discretion of the Board of Directors. Stated that the important matter at hand is that the Board transition takes place. Noting that Dir. Claytor and Dir. Doss sit on both the previous and new boards, the agenda is prepared to culminate business of the prior Board of Directors and effect the transition to the new Board of Directors.

Dir. Thomas – Indicated that the Board should then approve the agenda as amended to remove Items No. 10 and No. 11.

Motion: Approve the Regular Meeting Agenda as Amended.

1: Frank Muse

2: Doss

Roll Call: Aye – Ted Thomas, Larry Doss, Frank Muse, Kathy Claytor.

6. APPROVAL OF MINUTES

Submitted for approval are the Minutes for the:

- Regular Meeting, September 13th, 2024

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Public Comment:

Anonymous – Inquired as to availability of the minutes in question including the Letter of Resignation provided by Dir. Willard.

Board Comment:

None.

Motion: Approve the Regular Meeting Minutes for September 13th, 2024.

1: Frank Muse

2: Larry Doss

Roll Call: Aye – Ted Thomas, Kathy Claytor, Larry Doss, Frank Muse.

- Regular Meeting – November 8th, 2024

Public Comment:

None.

Board Comment:

None.

Motion: Approve the Regular Meeting Minutes for November 8th, 2024.

1: Kathy Claytor

2: Frank Muse

Roll Call: Aye – Ted Thomas, Kathy Claytor, Larry Doss, Frank Muse

7. FINANCIALS

Dir. Thomas – Yielded the floor to the General Manager.

Mgr. Rogers – Presented two invoices of more than \$2500, which cannot be authorized by the General Manager. The first being from the State Water Resources Control Board for the annual permit fee associated with wastewater ponds. There is at least one other annual permit associated with the collection system, not more than \$2500.00, which will be paid. The other invoice presented is for Willdan Financial Services for delinquency management services. Mgr. Rogers provided the history of special assessments in California, the issuance of the initial bond USDS general obligation bond for the district wastewater system and subsequent refinance as a limited obligation bond. Mgr. Rogers, noted that he was aware of disinformation in the community, the payment of the specific invoice was not tied to any immediate foreclosures, stating that while the district, the county and

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the bond administrators track delinquencies for assessments, efforts are made to reach an agreement on paying off the assessment. Mgr. Rogers noted that many residents have already paid off the assessments. Mgr. Rogers advised that the Board of Directors could voice to pay the invoice or defer it to the new Board of Directors in January.

Dir. Muse – Inquired as to whether the invoice is for a fee per parcel or EDU.

Mgr. Rogers – Explained that it is a homeowner’s obligation to the pay the assessment for the bond. It is collected by the district or county. The district has the discretion to pay it in lieu of those homeowners if it is necessary for the solvency and credibility of the district.

Dir. Claytor – inquired as to the number of homeowners involved that have not paid off their assessment.

Mgr. Rogers – indicated that out of discretion for the landowners, that should not be shared immediately. Mgr. Rogers invited the public for comment and inquiry.

Dir. Thomas – reiterated invitation to public comment.

Public Comment:

Anonymous – inquired as to how landowners progressed to Phase 3, whether assessments were collected prior and as to the status of those funds.

Mgr. Rogers – indicated that he was unsure as to how the delinquencies involved progressed to Phase 3, which preceded his tenure.

V. Bright – Shared his understanding of the foreclosure process.

Anonymous – restated inquiry as to the status of the funds to the Board of Directors.

Dir. Thomas – indicated that it would need to be reviewed. Dir. Thomas indicated that counsel pursued foreclosure in the case of some delinquencies, and the district has paid legal fees for the handling foreclosures, but his knowledge of the bond terms and balance was limited.

Dir. Doss – indicated that the bill was received during the tenure of then Interim General Manager K. Graton and invited Miss Graton to speak.

Dir. Thomas – indicated that the bond was refinanced during the tenure of Chris Gallagher, and that he would have signed the original documents.

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K. Graton – Emphasized the need to complete a forensic audit soon.

Mgr. Rogers – Explained for any new landowners in the community the history of the issuance and refinance of the bond under Proposition 218, known as land-secured financing for public infrastructure, as a common financing instrument used by communities. The Bond was refinanced by then General Manager Chris Gallagher and Mike Arnold in 2017. Under the terms of the limited obligation bond, landowners are required to pay assessments for this infrastructure. The district, county and the bond administrators are required to track the assessment payments. In the bond, there is a foreclosure covenant that is associated with properties that are in the late stages of delinquency. Mgr. Rogers noted that tracking the handling of any assessments by the district may be a significant undertaking in the forensic audit, stating that the bond administrators and the county have a better record of the assessments collected than the district.

Dir. Thomas – Confirmed that bond assessment records were maintained by the County.

Mgr. Rogers – Indicated that this responsibility may have changed with the district removing operating funds from the County treasury, the district recordkeeping from that time has not been complete. Mgr. Rogers indicated that he has been attempting to standardize recordkeeping and had inquired with the bond administrators for the official statement and engineers report, and was prepared to ensure the new board of directors was informed on the covenants and responsibilities of the bond, noting that regardless, the district received an invoice in excess of \$2500.00, as should be presented to the Board of Directors.

Dir. Claytor – Inquired as to whether the assessment appears on the property tax bill and how landowners could be allowed to pay their taxes but not the assessment.

Mgr. Rogers – Indicated that they are likely paying neither, noting that the county should be tracking and reporting this information to the bond administrator. The debt service obligation, a long-term liability, lies with the district and the district should be aware of the status of the bonds, noting that the foreclosure covenant exists to address the issue of absentee or deadbeat landowners not paying their taxes or assessments.

Dir. Muse – Inquired as to any fees that may be incurred because of deferring payment.

Mgr. Rogers – Replied that he was unsure at the time but reiterated his commitment to support the new board of directors in refreshing their understanding of long-term liabilities and debt-service obligations of the district.

Dir. Thomas – Invited a motion to settle the payment to State Water Resources Control Board.

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Motion: Approve the payment of the \$3945.00 annual fee permit to the State Water Resources Control Board.

1: Frank Muse

2: Larry Doss

Roll Call: Aye – Ted Thomas, Kathy Claytor, Larry Doss, Frank Muse

Motion on the floor: Defer the payment of the Invoice from Willdan Delinquency Management Services for \$11,300.00, for further clarification during the January meeting.

1: Larry Doss

2: Frank Muse

Roll Call: Aye – Ted Thomas, Kathy Claytor, Larry Doss, Frank Muse

8. Fire Chief's Report

Interim Volunteer Fire Chief/Dir. Muse - Reported three medical calls and two fires in November. One fire was believed to be caused by disposed coals from a woodstove. Interim Volunteer Fire Chief/Dir. Muse emphasized extinguishing coals from your wood stove completely before disposal. Structures were threatened but not damaged. The response was supported by CalFire and Stones-Bengard Volunteer Fire Department.

Dir. Claytor – inquired as to the status of investigation or inquiry as to cause.

Interim Volunteer Fire Chief/Dir. Muse – indicated that CalFire was leading investigation and public outreach for the incident. Indicated that Lassen Fire Safe Council was invited to summarize FireWise efforts in the community for the year but that their staff could not attend. Interim Volunteer Fire Chief/Dir. Muse thanked Ed Lawson, Larry Doss, and John Hembree, for their support during GreenWaste days. Noted four (4) GreenWaste days would be coordinated for the forthcoming year, with John and Linda Hembree leading. Interim Volunteer Fire Chief/Dir. Muse would still like to invite Lassen Fire Safe Council staff to present, noting FireWise grants have supported the clean up of several properties and that they would like to continue the program. The application is simple, assistance is free for the homeowners, and Lassen Fire Safe Council will help with the work. Defensible Space goals are 100-ft. from the residence.

Public Comment:

K. Graton – Thanked the Volunteer Fire Fighters for their response to the wildland fire near her home. Advised that unattended fires are not in accordance with burn permits.

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Interim Volunteer Fire Chief/Dir. Muse – Agreed that unattended fires are a concern and that CalFire enforcement division should be notified.

Board Comment:

None.

9. Appointment of Board New Members

Dir. Thomas – Announced the intention to instate the new members of the Board of Directors.

Public Comment:

G. Johnson – Inquired as to the effective term of office and decision-making authority of the departing and new Board of the Directors, citing that correspondence with Lassen County Elections Office indicates that new Board Members were to be appointed in lieu of election by the Lassen County Elections Clerk and Board of Supervisors on December 6th. Requests (Motions) the Board of Directors verify this information with Lassen County Elections via telephone.

Dir. Thomas – Point of Order.

K. Graton – Stated her experience and understanding of the Rules of Order that motions are only made by sitting Board Members and that public comments are singular and not subject to rebuttals.

V. Bright – Noting that he has only recently become a resident of Spalding, inquired as to what the effective date of the term of office. Requested clarification.

Mgr. Rogers – Advised the public that earlier in the year, the Board of Directors signed a Resolution to consolidate elections with Lassen County. Mgr. Rogers noted that one sitting Board Member, an incumbent, filed for candidacy, along with four (4) others. All seats were uncontested and were thus not placed on the ballot, commonplace for special districts. In the first Friday of December, the Lassen County Elections Clerk would present to the Board of Supervisors, a notice to appoint those officers to the special districts. Mgr. Rogers explained that in the past the district has performed those procedures in a Regular Meeting in December and Chairperson and Vice Chairperson are selected in January. Mgr. Rogers indicated his desire to hit the ground running in January with a new, collaborative board. Mgr. Rogers noted inconsistency between California Government Code, the County Elections Clerk notice to the Board of Supervisors, and the District Ordinance, and that the district has also foregone December meetings in the past due to the holiday season. Mgr. Rogers stated his interest in seeing the respective

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Boards work together to effective the transition at the current meeting to begin the work of supporting the district in the new year.

Dir. Thomas – Invited the General Manager to appoint the new Board of Directors.

Mgr. Rogers – Read the Spalding Community Services District Certificate of Appointment and Oath of Office to instate Jerry Oliver, Ellen Stallings, Glyne Johnson, and Larry Doss.

Directors – Affirmed their Oaths of Office.

Mgr. Rogers – Thanked G. Johnson for presenting his Code of Civility, Public Service Ethics Certificate, and Form 700, and noted that the Code of Civility would be available to other Directors for signing as well.

Dir. Claytor – as Vice Chair and incumbent, assumes the Chair.

10. Commendations for Service

Dir. Claytor – Invites Mgr. Rogers to speak.

Mgr. Rogers – Expressed gratitude to the Board of Directors and Community for the opportunity to serve. Notes the challenges face by the district in recent years, and expressed gratitude to the individuals that have helped to see the District move forward, including Kari and Diane Graton, who volunteered their experience and expertise to guide the District through a Strategic Plan process and General Manager Recruitment, carrying through the election while retaining the staff who live in the community. Commendations were given to Frank Muse, for his service on the Board of Directors and as Interim Volunteer Fire Chief, Ed Lawson for his service on the Board of Directors, and Barbara Willard, who also brought her public administration acumen to the Board of Directors. Also commended was Ted Thomas, for his long tenure and service as Board Member and as Chairman in recent months.

11. Staff Report

Mgr. Rogers – Shared that the office would have shortened hours during the Holidays.

12. Adjournment

Dir. Claytor – Inquired as to scheduling the January Board Meeting.

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Mgr. Rogers – Noted that without a drafted resolution, the decision would be open to the Board of Directors. Stated his preference for Thursdays, rather than Friday, afternoons, or evenings. Also asked for consideration to return to quarterly meetings, allowing for better preparation and follow-up for clerical work.

Dir. Doss – Advised keeping the existing schedule of second Friday and setting the new schedule by Resolution at that time.

Mgr. Rogers – Confirming, the first Regular Meeting of the new year (2025) to take place the Second Friday in January (January 10th).

Motion: First Regular Meeting of the new year (2025) to take place the Second Friday in January (January 10th).

First: Larry Doss

Second: Glyne Johnson

Roll Call – Ayes – Unanimous.

Meeting Adjourned at 3:58 p.m. on December 13th, 2024.