11/3/2015

Doreen Farr, County Member, Chair
Craig Geyer, Special District Member & Vice chair
Janet Wolf, County Member
Roger Aceves, City Member
Jeff Moorhouse, Special District Member
Roger Welt, Public Member
Bob Orach, City Member
Paul Hood, Executive Officer
SBLAFCO
105 E. Anapamu Street
Santa Barbara, CA 93101

Re: November 5, 2015 Agenda; "Changes of Organization Item 1,"

Dear Madame Chair, Members of the Commission, and Mr. Hood:

It appears that, once again, whoever is now deemed the proponent of SBLAFCO Application for Change of Organization (SBLAFCO’s term)\(^1\) 15-01 has failed to properly complete the application, this time by this Commission’s "deadline" for completion of October 1, 2015, as set by the Commission on September 10, 2015.

It is undisputed that this "deadline" was not met by any applicant, and at the time of the publishing of the agenda for this meeting, still has not been met.

Was October 1, 2015 a "deadline" as this Commission’s minutes for its last meeting should reflect, or was it another "pass" so that some private landowners can be given the further opportunity to reimburse themselves from taxpayer money for evading their private contract obligations to the Cargasacchi family? The Commission’s decision at the November 5, 2015 meeting will tell.

As evidenced by Exhibit A to the Staff report on this agenda item, an "applicant" named "Lakeview Parcel Owners, LLC," an otherwise unidentified organization that is not the applicant of record, waited until 12:44 PM on the Commission’s deadline date to submit a facially invalid and incomplete (it does not even set forth who is/are the alleged indemnitors) "Cost Accounting and Indemnification Agreement."

\(^1\)Neither the initial "applicant" who submitted one version of a petition, nor the proponents of the second, different petition, were the newly identified entity applicant (Lakeview Parcel Owners, LLC), which has submitted no application. (See Staff Exhibits A & B.)
It appears that, even having been given another month to do so after October 1, 2015 (by virtue of the cancellation of the October SBLAFCO meeting), neither the applicant, nor this new entity, have been able to complete the application according to this Commission's rules. Despite the deadline set by this Commission, once again, the EO is recommending that this body delay dissolving the Santa Rita Hills Community Service District, which as been defunct and unable to operate for the past year.

Delaying dissolution of the Santa Rita Hills Community Services District (SRHCSD) is not what this Commission should do. This Commission owes it to the taxpayers of the defunct district to dissolve the district, forthwith.

At the September 10, 2015 meeting, this Commission asked for an accounting of debts incurred and to be incurred by the continued operations of SRHCSD. The Commission did not ask for "Financial Reports" from SRHCSD as the Staff report claims. In response to its request, the Commission has been supplied with but a very limited (ending in June), but much telling record of exactly why this CSD must be immediately dissolved.

Due to this Commission's continuing inaction, it now is clear that through June 30, 2015, the last reported time frame (but not to date of this meeting, as requested by the Commission), the SRHCSD has allegedly incurred more than $72,000 in unpaid claims² (Exhibit C to the Staff report) without any vote of any Board of Directors, without public meetings, and without any oversight whatsoever.

It is unclear whether SRHCSD continues to incur debt after June 30, 2015, but given that its resources have been used illegally and with impunity for many, many years, it should be assumed that once it is dissolved, additional claims for "attorneys' fees," "District Engineering" and other unauthorized activities involving the efforts of the petitioners to create the absurd "bridge & highway district" will be forthcoming for payment from public funds collected by SRHCSD for governmental services it has never provided.

What has this CSD ever done to serve its constituents? What has it done in exchange for incurring $72,000 in additional debts after it became defunct? The answer is: Nothing.

This Commission's Special Study of SRHCSD, completed eight months ago, admits that in the five years SRHCSD has existed and spent hundreds of thousands of taxpayer dollars, "No specific capital projects have been identified for [the] governmental services" that the CSD was formed to provide, and the SRHCSD "has not completed any road construction, improvement or maintenance projects since the time of formation." (Special Study, Exhibit D to this meeting's Staff report, at page 4; and at page 5, item 4(D).)

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² Not every claim is legitimate, or legally can be paid, as set forth herein below.
Why then, after it became defunct and incapable of ever providing the services it was supposed to have provided but did not in five years of existence, and after this Commission allowed it to continue to accrue claims on public funds with no public oversight, did it accrue $72,000 in debt? Is this Commission ready to inquire into that why, and put a stop to such chicanery, or is it simply going to follow the Executive Officer's recommendation to "table" this matter once again and allow additional, un-guarded debts to accrue to support the personal goals of a very limited number of landowners who can't even complete an application despite being given many, many months to do so?

Included in the substantial debt recently accrued and claimed is almost $40,000 in alleged "legal fees." Legal fees for what? What legal services valued at $40,000 could have been rendered to an organization that, as this Commission's Special Study concedes, already "blew through" (applicant Hank Blanco's admission to the Commission) more than $500,000 in tax receipts, supposedly to fulfill its mission "within its boundaries to acquire, construct, improve and maintain streets, roads, rights-of-way, bridges, culverts, drains, curbs, gutters, sidewalks and any incidental works, to convert overhead electric and communications facilities to underground locations, and to install underground electric and communications facilities" while doing nothing it was mandated to do, and then became unable to function in November of last year?

One of the items claimed as "legal fees" is telling about the SRHCSD's on going illegal conduct. According to Exhibit C of the Staff report for this meeting, one claim against SRHCSD is dated February 15, 2015, identified as invoice 107636 from the law firm "Shipsey & Seitz." That firm purports to continue to represent and provide legal services to the non-functioning SRHCSD at a rate of several thousand dollars per month. The line item for this $15,000 claim is described as "reorganization trust fund." It is not identified as being charged against any existing budget FY 2015-2016 category for SRHCSD, but rather as a "Transfer to trust."

According to documents sent by attorney Michael Seitz to Auditor-Controller Geis, his law firm is entitled to have $15,000 of taxpayer money paid to its trust account to "provide funds for the reorganization of the district" and pay a law firm called "Best, Best & Kreiger." These funds are to be paid so that the Best, Best & Kreiger law firm "can provide advice to all property owners within the district." According to Mr. Seitz, "Best, Best & Kreiger will be working through Mr. Seitz and will be paid" by his law firm for providing the legal advice to individual landowners trying to form the bridge & highway district.

On what possible basis could SRHCSD transfer $15,000 in public money to a law firm's trust account to pay another law firm to provide private citizens within a CSD with legal advice about "reorganization" of the CSD?

According to attorney Seitz (whose firm's fee claim against public funds as of June 30, 2015 is more than $24,000 in claimed "legal fees" even without this additional $15,000 claim), the money was authorized at the last meeting of the SRHCSD board that he
advised. How can a defunct, non-operational governmental entity legitimately incur $24,000 in legal fees in six months of non-operation? It can't.

As attorney Michael Seitz well knows, the alleged allocation of $15,000 to pay Best, Best & Kreiger, allegedly voted on at the last SRHCSD board meeting was illegal, and remains illegal.

On Sunday, November 16, 2014, at three minutes before 6:00 p.m., SRHCSD notified interested persons by email that it would, at 6:00 p.m. the following day (24 hours and a mere 3 minutes later), convene a "special meeting" of its outgoing 3 "directors." The email announcing that "special" meeting; the agenda for that "special meeting:" and the "draft" minutes of that "special meeting" are collected as Exhibit 1 hereto.

The published agenda mentioned nothing about allotting $15,000 of tax payer money to pay any law firm to provide legal advice to private citizens owning property within the district. Even the "draft" minutes from that meeting (which my clients and I were unable to attend due to the last second notice) which attorney Seitz relies upon in making his claim that SRHCSD should transfer $15,000 to his law firm clearly state "THIS AGENDA ITEM WAS ADDED AT THE BEGINNING OF THE MEETING."

This last minute, "added" item is the only source of attorney Seitz's claim that SRHCSD agreed to transfer to his firm $15,000 of public funds, and is the only support for the $15,000 debt claim against the CSD.

This agenda item was "added" once the "board" of SRHCSD and attorney Seitz recognized that no one was attending the last minute meeting to represent the Cargasacchi family. As the Exhibit 1 to this letter demonstrates, the "agenda" for the last minute, "special" meeting of the outgoing SRHCSD "board" listed no plan to allocate $15,000 to the Seitz firm to hire other lawyers to represent private landowners in seeking to form the bridge & highway district.

The problem with the Seitz claim for $15,000 of taxpayer money to be given to his firm is that it is patently illegal as a matter of law, as any public agency or special district lawyer with any knowledge or training is aware. The Brown Opening Meeting Act is quite clear: "Special Meetings," with only 24 hours notice, cannot be used to approve any item not listed on the agenda for which 24 hour notice was given. (Govt. Code §54956(a).)

This $15,000 expenditure being now claimed by attorney Seitz for SRHCSD was not on the agenda for November 17, 2015, as reflected on the agenda itself (Exhibit 1 to this letter), and as acknowledged in the "draft" minutes (also Exhibit 1 to this letter) it was "added" at the meeting. Thus, there is no legitimate claim for the $15,000 claim being made by attorney Seitz, who has acted illegally and in a gross breach of fiduciary duty owed to the SRHCSD, its constituents and the public at large by claiming it is a sum that should be paid. For this Commission or for the County of Santa Barbara to pay this illegal
claim would be to suborn illegal misappropriation of public money in direct violation of the Brown Act.

In addition to the $40,000 in "legal fees," SRHCS D has been permitted by this Commission to accrue nearly $9,000 in public debt allegedly for "District Engineering Services" since November of last year. What "engineering services" did this defunct district need over the first six months of this year? This District has no infrastructure, and as the Special Study commissioned by this body concluded, it has never performed any governmental services for which it was formed, even when it had an allegedly functioning board.

Of course, absolutely none of the $72,000+ "new" debt has been authorized by any duly elected board of directors, nor been the subject of any public scrutiny. It has simply been allowed to accumulate at whim while this Commission ignored the results of its own Special Study, which long ago recommended the dissolution of the District. (Special Study, Exhibit D at page 7, item 6 "Recommended Commission Action," which has never been withdrawn)

Despite the Commission's Special Study concluded on February 23, 2015, and SBLAFCO having been informed numerous times of the defunct status and the likelihood of on-going financial claims against the District without proper authority so long as it remained un-dissolved, this Commission has allowed more than $72,000 in alleged debt to accrue for a District that in five years of existence never did anything it was formed to do, but instead "blew through" nearly a half million dollars in public tax money illegally plotting to seize neighboring land so that private landowners within the District could avoid a private contract for a private access road in which they agreed to limit development of their parcels.

Now, the "staff" recommends that this Commission continue to allow the CSD to exist and incur dubious and uncontrolled debt instead of doing what was recommended in February, dissolve the CSD. This is all so SRHCS D can continue to accrue, without any record or accountability, even more claims for payment from the public trough, all to serve the interests of a limited number of private landowners.³

This the Commission cannot do if it is to uphold the oath taken by each commissioner to uphold the laws of this state.

This Commission, in order to fulfill its legal and moral obligations, must approve in full, and unanimously, the resolution that is Exhibit E to the Staff report, the resolution that the Special Study of February 23, 2015 recommended be approved many months, and tens

³ The SRHCS D part-time GM's contract, and the "District Engineer Contract," (collectively Exhibit 2 hereto), do not have an expiration date, thus it appears they continue after the end of FY 2015-2016. There is apparently no contract for the Seitz law firm which has billed the CSD between $2,000 and $3,000+ per month just for the first six months of this year. (See EO Exhibit C "SRHCS D A/P Aging Summary").
of thousands of illegal expenditures ago, which is to dissolve forever SRHCSD and have
the County of Santa Barbara pay its legitimate debts.

No other action by this Commission is warranted or proper at this point in time.

Very truly yours,

LAW OFFICES OF E. PATRICK MORRIS

E. Patrick Morris, Esq.
Cc: Clients
EXHIBIT 1
Subject: Santa Rita Hills CSD

From: Casey Fowler (cfsrhosd@yahoo.com)

To:

Date: Sunday, November 16, 2014 5:56 PM

Good Evening,

Please find attached the agenda packet for the Santa Rita Hills CSD Special Meeting being held Monday, November 17, 2014 beginning at 6:00 pm. The location is the same which is the Mission Hills CSD office located at 1550 Burton Mesa Blvd in Lompoc. If you have any questions please contact Gary Keefe at 805-588-6011.

Best Regards,

Casey Fowler
Administrative Assistant
Santa Rita Hills CSD

Attachments

- SRHCSD Agenda Packet.pdf (572.26KB)
SANTA RITA HILLS COMMUNITY SERVICES DISTRICT
1550 Burton Mesa Blvd
Lompoc, California 93436
(805) 588-6011

AGENDA
SPECIAL BOARD MEETING
MONDAY, NOVEMBER 17, 2014 at 6:00 p.m.
At Mission Hills Community Services District Office – 1550 Burton Mesa Blvd
Lompoc, California

1. CALL TO ORDER:

2. ROLL CALL: Board Members:
Thomas Freeman, President
Dale Petersen, Vice President
Casey Marks, Director
Mario Moreno, Director
Vacant, Director

3. PUBLIC COMMENT:
Members of the public wishing to comment or bring forward any items concerning District operations which do not appear on tonight’s agenda may address the Board now. Please state your name and address before addressing the Board and limit presentations to 3 minutes. State law does not allow Board action on items not appearing on the agenda.

4. CONSENT ITEMS:
A. Approval of Minutes for 10/16/14 Special Meeting
B. Review and Approval of Warrant Register
C. Financial Report

5. BUSINESS ITEMS:
A. Approve AMEC Request for Retainer to Provide Environmental Review Services for the Santa Rita Hills Community Service District
   (Action Required: Receive Report, Approve Retainer Request, and Direct Staff to pay the Retainer, Provide Additional Direction as Needed.)

B. Resolution No. 2014-18 - Adoption of 2014 District Investment Policy

C. Implementation of Signed Legislation (AB 2455) for Reducing the Number of Directors Required for the Santa Rita Hills Community Services District Board of Directors from 5 Directors to 3 Directors
   (Action Required: Receive Verbal Report, Discuss Implementation Requirements of AB 2455, Consider Implementation, Provide Direction to Staff as desired)

D. Request that Santa Barbara County Board of Supervisors serve as the Board of Directors for Santa Rita Hills Community Services District - Update
   (Action Required: Receive Verbal Report, Discuss Options, and Provide Direction to staff as desired)

E. Landowner Petition to create the Santa Rita Hills Bridge and Highway District and dissolve the Santa Rita Hills Community Services District - Status
   (Action Required: Receive Verbal Report, Discuss, and Provide Direction to staff as desired)
F. Schedule Ad Hoc Finance and Operations Committee Meeting for December, 2014  
(=Action Required: Receive Verbal Report, Discuss, and Provide Direction to staff as desired)

6. INFORMATION AND DISCUSSION ITEMS  
Items of District interest which may be placed on later agendas.

7. ADJOURNMENT

The next meeting of Santa Rita Hills CSD Board of Director’s will be a Regular Meeting to be held on Thursday, December 11, 2014, at the Mission Hills Community Services District Conference Room, 1550 Burton Mesa Blvd., Lompoc, California.

Any writing or document pertaining to an open session item on this agenda which is distributed to a majority of the Board after the posting of this agenda will be available for public inspection at the time the subject writing or document is distributed. The writing or document will be available for public review at the Mission Hills Community Services District Office, 1550 Burton Mesa Blvd., Lompoc, California during normal business hours.

Consistent with the Americans with Disabilities Act and California Government Code Section 54954.2 requests for disability related modification or accommodations, including auxiliary aids or services may be made by a person with a disability who requires the modification or accommodation in order to participate at the above referenced public meeting by contacting the District Manager at 805-588-6011.
President Freeman called the special meeting of the Board of Directors of the Santa Rita Hills Community Services District to order at 6:00 p.m. on Monday, November 17, 2014, at the Mission Hills CSD Office, 1550 Burton Mesa Blvd, Lompoc, California.

2. **ROLL CALL:** by roll call, there were present: President Thomas Freeman, Director Dale Petersen and Director Casey Marks.

   **DIRECTORS ABSENT:** Director Mario Moreno
   **STAFF PRESENT:** Gary Keefe, Mike Seitz, Joslyn Hodson, and Casey Fowler
   **OTHERS PRESENT:** Hank Blanco and Mary Freeman

3. **PUBLIC COMMENT:** None

   General Manager Keefe requested that the Board move the Consent Calendar to after agenda item 5a to keep items in order.
   Legal Counsel, Mike Seitz, requested that an item be added to the agenda. He stated that in order for this to happen the Board has to find that the need to add an item came up after the agenda had been posted and that there is an immediate need to take action. He went on to explain that he received a phone call early today for a request to approve attorney fees with the assistance of the district re-organization and would like to discuss this further as agenda item 5g.
   Motion by Director Marks, second by Director Petersen to adopt the staff report and discuss this later in the meeting. Unanimous 3-0.

**BUSINESS ITEMS:**

A. **Approve AMEC Request for Retainer to Provide Environmental Review Services for the Santa Rita Hills CSD.**

   **Action Required:** Receive report approve retainer request, and direct Staff to pay the retainer, and provide additional direction as needed.
   General Manager Keefe stated that after the September Board meeting AMEC was selected to provide environmental services and assist in moving forward with the Sphere of Influence request from LAFCO. An agreement was subsequently executed and a field meeting was held on September 25, 2014. However, in a letter from the Cargassachi attorney to AMEC he was able to disrupt the District’s efforts to complete this legally appropriate work by alleging that AMEC would not be paid. After discussions between AMEC and District Staff it was decided that a 90% retainer be paid with a 10% retention to be held in the District’s Counsel Trust account and be paid to AMEC upon receipt of the finished work.
   **PUBLIC COMMENT:** none
   Motion by Director Freeman, second by Director Marks to adopt the staff report. Unanimous 3-0.
4. **CONSENT ITEM:** These items are approved with one motion; Directors may briefly discuss any item, or may pull any item, which is then added to the business agenda.

   a. **Approval Minutes from 10/16/2014 Special Meeting**

   b. **Review and Approval of Warrant Register**

   c. **Financial Report**

   PUBLIC COMMENT: None
   District Accountant Hodson stated that she needed to take out the word “per contract” on the second line item of the warrant register.
   **Motion by Director Casey Marks, second by Director Petersen to approve Consent Items with the correction from District Accountant. Unanimous 3-0.**

5. **BUSINESS ITEMS:**

   B. **Resolution No. 2014-18 – Adoption of 2014 District Investment Policy.**

   **Action Required:** Receive report, adopt Resolution No 2014-18, and provide direction as needed.
   Mr. Seitz stated that this is something that every District needs to have and it was discovered we did not. The Investment Policy is a boiler plate to protect the District in the future.
   PUBLIC COMMENT: none
   **Motion by Director Marks, second by Director Petersen to Adopt Resolution No. 2014-18 – Adopting the year 2014 District Investment Policy Unanimous by roll call vote 3-0.**

   C. **Implementation of Signed Legislation (AB2455) for Reducing the Number of Directors Required for the Santa Rita Hills CSD Board of Directors from 5 to 3.**

   **Action Required:** Receive verbal update, discuss implementation requirements of AB2455, consider implementation, and provide direction to staff as desired.
   General Manager Keefe reminded the Board that AB2455 was discussed last month and noted that no matter what happens this bill will not go into effect until January of 2015. At that time the Board is supposed to adopt a Resolution, however after tonight’s meeting, no Board of Directors will exist. Mr. Seitz commented that if the Board of Supervisors take over as acting Board Members they would be able to move this forward with the required Resolution. At this time no action is needed.
   PUBLIC COMMENT: None
D. Request that Santa Barbara County Board of Supervisors serve as the Board of Directors for Santa Rita Hills CSD.

Action Required: Receive verbal update, discuss options, and provide direction to staff as desired.
General Manager Keefe reiterated this item was also discussed at last month's meeting and that he spoke with County Counsel as well as LAFCO and they do not think the Board of Supervisors (BOS) has the authority to take over as the Board of Directors for the Santa Rita Hills CSD. Mr. Seitz did agree that there is a law for a district this size to allow the BOS to act as the Board in regards to the formation and is not sure how they will respond to this request. He feels that it could be positive to send a formal request and see what they have to say. If they cannot provide the services they will let us know.
PUBLIC COMMENT: none
Motion by Director Marks, second by Director Freeman to direct the General Manager to make a formal request to the Board of Supervisors to serve as the Board of Directors for the Santa Rita Hills CSD. Unanimous 3-0.

E. Landowner Petition to create the Santa Rita Hills Bridge and Highway District and dissolve the Santa Rita Hills CSD - Status

Action Required: Receive verbal report, discuss, and provide direction to staff as desired.
General Manager Keefe stated that Mr. Blanco has been in charge of the petition and would like to allow him to update the Board. Mr. Blanco stated that the petition is alive and well. He thanked the Board for considering to allow the property owners legal support moving forward with the district reorganization; especially for those who have and will be signing the petition.
PUBLIC COMMENT: None
No motion needed, informational purposes only.

F. Schedule Ad Hoc Finance and Operations Committee Meeting for December, 2014

Action Required: Receive verbal report, discuss, and provide direction to staff as desired.
General Manager Keefe stated that since the budget was approved by the Board of Directors at the beginning of the fiscal year all bills can continued to be paid through the Ad Hoc Finance and Operations Committee until the end of this fiscal year. It was decided that the committee meeting will be held December 11th at 6:00 pm at the Mission Hills CSD office.

G. THIS AGENDA ITEM WAS ADDED AT THE BEGINNING OF THE MEETING

Mr. Seitz stated that there has been a request for funding to provide funds for the reorganization of the district. He recommended a budget of $15,000.00 to work with Best, Best and Krieger. It is important to remember that they will be working for the district, not individual property owners. However, they can provide advice to all property owners within the district. Best, Best and Krieger will be working through Mr. Seitz and will be paid through the reserve account.
PUBLIC COMMENT: None
Motion by Director Marks, second by Director Petersen to budget $15,000.00 in attorney fees to aid in the reorganization of the Bridge and highway District. Unanimous 3-0.

VOTE
6. **INFORMATION AND DISCUSSION ITEMS:**

President Freeman stated that this is his last meeting since his property is closing escrow this week. He wanted to thank staff and everyone who has helped over the years. He also wanted to thank Director Marks and Petersen for hanging in there in an attempt to move the roads along. He wishes everyone the best of luck and hopes these roads will be built soon. Mr. Seitz stated that he had hoped to have accomplished more over the years and wished individuals could have worked together to move the roads along instead of against the District.

7. **ADJOURNMENT:** There being no further business, at 6:45 p.m., the meeting was adjourned to the next Ad- Hoc Committee Meeting scheduled for December 11, 2014 beginning at 6:00 p.m.

Respectfully submitted,

APPROVED AS TO FORM:

Casey Fowler  
Secretary, Board of Directors

Thomas Freeman  
Chair, Board of Directors  
Santa Rita Hills Community Services District
EXHIBIT 2
THIS CONTRACT is made and entered into by and between the Santa Rita Hills Community Services District (herein referred to as "District"), and John Wallace (herein referred to as "General Manager" or "Wallace and Wallace Group" generally referred herein as "Engineers"), with reference to the following recitals:

RECITALS

A. District is a Community Services District organized and operating pursuant to 61000 et seq., of the California Government Code.
B. District desires to enter into a professional services relationship with John Wallace as General Manager of the District.
C. John Wallace desires to enter into a professional services relationship with the District as General Manager.
D. District desires to enter into a professional services relationship with Wallace Group as District Engineers.
E. Wallace Group desires to enter into a professional services relationship with the District as District Engineers.
F. It is the purpose of this Contract to define the professional services relationship of John Wallace as District Manager and Wallace Group as District Engineers during the terms of this Contract. All references to General Manager in this Contract refer to John Wallace. All references to District Engineers refer to Wallace Group.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

SECTION 1. DUTIES

A. District hereby agrees to contract with John Wallace as District General Manager.

(1.) The duties of the General Manager are generally described in Government Code Section 61051 as follows:

(a) The implementation of the policies established by the Board of Directors for the operation of the District.
(b) The appointment, supervision, discipline and dismissal of the District's employees, consistent with the employee relations system established by the Board of Directors.
(c) The supervision of the District's facilities and services.
(d) The supervision of the District's finances.

B. The District hereby agrees to contract with Wallace Group as District Engineer. The duties of the District Engineer are described in Exhibit "A" to this Agreement.

C. Both parties acknowledge that specific duties of the position may vary from time to time.

SECTION 2. TERM

This Contract shall take effect on June 1, 2010, ("Effective Date") and shall remain in effect until terminated as provided in the following provisions:

A. Nothing in this Contract shall prevent, limit or otherwise interfere with the right of the District to terminate the services of the General Manager or the District Engineer at any time, subject only to the provisions set forth in Section 3 of this Contract.

1. General Manager understands and expressly agrees that he has no constitutionally protected property right or interest in his contract as General Manager.

B. Nothing in this Contract shall prevent, limit or otherwise interfere with the right of the General Manager or the District Engineer to resign at any time from their position with the District, subject only to the provisions set forth in Section 3, paragraph D, of this Contract.

1. District Engineer understands and expressly agrees that he has no constitutionally protected property right or interest in his contract as District Engineer.

SECTION 3. SALARY

A. General Manager:

1. District agrees to pay the General Manager for his services rendered pursuant hereto a time and material basis. These services will be invoiced monthly on an accrued basis in accordance with the attached Schedule of Fees (Exhibit "A").

2. Reimbursables will be invoiced as an additional cost.
B. District Engineer:

1. District agrees to pay the District Engineer for his services rendered pursuant hereto a time and material basis. These services will be invoiced monthly on an accrued basis in accordance with the attached Schedule of Fees (Exhibit "B").

2. Reimbursables will be invoiced as an additional cost.

SECTION 4. PERFORMANCE REVIEW

A. During the first ten (10) months of professional services, the General Manager and the District shall participate in a minimum of one (1) performance review (evaluations) as follows:
   1. On or before the tenth (10th) month from the Effective Date.

B. From and after the evaluation referenced in paragraph A(1) above, the General Manager shall receive an annual performance review no later than the end of March of each succeeding year.

C. The Board of Directors reserve the right, in its discretion, to review General Manager's performance at any time.

SECTION 5. OTHER TERMS, CONDITIONS AND RESPONSIBILITIES

The District may set other terms, conditions and responsibilities of the contract as it may determine from time to time, relating to performance of General Manager, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Contract, or any Federal, State or local law.

SECTION 6. NOTICES

Notices pursuant to this Contract shall be in writing given by deposit in the custody of the United States Postal Service, postage prepaid, addressed as follows:

1. Santa Rita Hills Community Services District
   P.O. Box 991
   Buellton, CA 93427
   Attn: Christopher Marks, President

2. John Wallace
   WALLACE GROUP
   612 Clarion Court
   San Luis Obispo, CA 93401
Alternatively, notices required pursuant to this Contract may be personally served in the same manner as is applicable to civil judicial process. Notice shall be deemed given as of the date of personal service or as of the third day following the date of deposit of such written notice in the course of transmission in the United States Postal Service, with postage fully prepaid.

SECTION 7. GENERAL PROVISIONS

General Manager:

A. General Manager shall comply with applicable local and state requirements regarding conflicts of interest and shall avoid personal involvement in situations which are inconsistent or incompatible with a position of General Manager or give rise to the appearance of impropriety.

B. District shall provide the defense of General Manager in any action or proceeding alleging an act or omission within the scope of the contract of the General Manager in conformance with State law (Government Code Section 995 et seq.). District is not required to indemnify General Manager for any illegal acts committed by General Manager.

C. The terms of this Contract are intended by the parties as a final expression of their Contract and may not be contradicted by evidence of any prior Contract or contemporaneous oral Contract. The parties further intend that this Contract constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding, if any, involving this Contract. Any amendments to this Contract must be in writing and executed by both parties.

D. In the event of General Manager's death, General Manager's heirs, legatees, devisees, executors or legal representatives shall be entitled to all fees earned, but not paid. General Manager and his heirs, legatees, devisees, executors or legal representatives shall not be entitled to any other compensation, including, without limitation, any severance compensation.

E. If any term, covenant, condition or provision of this Contract is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

F. This Contract shall be governed by the laws of the State of California. The parties agree that in the event any legal action is taken to enforce/interpret any provisions of this Contract, said action shall be filed in the court of proper jurisdiction within the County of San Luis Obispo.

G. The parties acknowledge that they understand the significance and consequences of this Contract. The parties also acknowledge that they have been given full opportunity to review and negotiate this Contract and execute it only after full
reflection and analysis, and that they have had an opportunity to review this document and its application and meaning with their respective attorneys and advisors. This Contract shall not be interpreted against the party who prepared the initial draft, because all parties participated in the drafting of this Contract by having ample opportunity to review and submit suggested changes or corrections for incorporation into the final version of this Contract.

H. This Contract shall be binding upon and shall inure to the benefit of the prospective heirs, executors, administrators, successors and assigns of the parties, provided however, that the District General Manager may not assign obligations hereunder.

1. General Manager shall not assign this Contract in whole or in part.

District Engineer

1. General Indemnity and Hold Harmless

The following applies to general liability claims other than professional liability claims:

To the fullest extent permitted by law (including, without limitation, California Civil Code Sections 2782.8). Engineer shall defend (with legal counsel reasonably acceptable to the District), indemnify and hold harmless District and its officers, agents, departments, officials, representatives and employees (collectively "Indemnitees") from and against any and all claims, loss, cost, damage, injury (including, without limitation, injury to or death of an employee of Engineer or its subconsultants), expense and liability of every kind, nature and description (including, without limitation, fines, penalties, incidental and consequential damages, court costs, reasonable attorneys fees, litigation expenses and fees of expert consultants or expert witnesses incurred in connection therewith, and costs of investigation), that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Engineer, any subconsultant, anyone directly or indirectly employed by them, or anyone that they control (collectively "Liabilities"). Such obligations to defend, hold harmless and indemnify any Indemnitee shall not apply to the extent that such Liabilities are caused by the negligence or willful misconduct of such Indemnitee. In the event of any dispute between Engineer and Indemnitees, as to whether liability arises from the negligence of the Indemnitees, Engineer will be obligated to pay for the Indemnitees' defense until such time as a final judgment has been entered adjudicating the Indemnitees as negligent.

2. Indemnification Pertaining to Professional Liability (Services).

The following applies to professional liability claims where professional malpractice or breach of professional performance standards as identified in Section 10 are alleged:
A. Engineer shall indemnify and hold harmless the Santa Rita Hills Community Services District, the Board of Directors, each member thereof, present and future, its officers, agents and employees from and against any and all liability, expenses, including defense costs and legal fees, and claims for damages whatsoever to the extent caused by the negligent acts or omissions, or willful misconduct of Engineer, its officers, employees, agents, subcontractors, or vendors in performing professional Services pursuant to this Agreement. Engineer has no obligation to pay for any of the indemnitees defense related costs prior to a final determination of liability or to pay any amount that exceeds Engineer’s final determined percentage of liability based upon the comparative fault of Engineer.

B. Nothing contained in the foregoing indemnity provisions shall be construed to require Engineer to indemnify the Santa Rita Hills Community Services District, against any responsibility or liability in contravention of Civil Code §2782.

C. Neither termination of this Agreement or completion of the Scope of Services under this Agreement shall release Engineer from its obligations referenced in subsection A, above, as to any claims, so long as the event upon which such claims is predicated shall have occurred prior to the effective date of any such termination or completion and arose out of or was in any way connected with performance or operations under this Agreement by Engineer, its employees, agents or Engineers, or the employee, agent or Engineer of any one of them.

D. Submission of insurance certificates or submission of other proof of compliance with the insurance requirements in the Agreement does not relieve Engineer from liability referenced in subsection A, above. The obligations of this article shall apply whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages.

3. Insurance.

Engineer shall procure and maintain with insurance companies authorized to do business in the State of California and assigned an A.M. Best's rating of no less than A-(IX), the following insurance coverage, written on the ISO form shown below (or its equivalent) at the limits of liability specified for each:

- **Commercial General Liability Insurance** (ISO Form CG 0001 11/85) $1 Million per occurrence
- **Commercial Automobile Liability Insurance** (ISO Form CA 0001 12/90) $2 Million in the aggregate
- **Workers' Compensation Insurance** $1 Million per accident
- **Employer's Liability Insurance** Statutory
- **Professional Liability Insurance**

$1 Million policy limit
- **$1 Million per occurrence**
- **$2 Million in the aggregate**
SECTION 8. Conclusion

1. The above Recitals are true and correct and incorporated herein by reference.

2. This Contract may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, and shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the below identified dates.

GENERAL MANAGER:  
JOHN WALLACE  
DATE: 7/1  2010

DISTRICT:  
CHRIS MARKS, President  
DATE: 7/12  2010

WALLACE GROUP:  
DATE: 7/1  2010

Witness:  
DATE: 7-12  2010

Approved as to form:  
MICHAEL W. SEITZ,  
District Legal Counsel  
DATE: 7/28  2010
## Engineering Services:

<table>
<thead>
<tr>
<th>Position</th>
<th>Hourly Rate</th>
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<tbody>
<tr>
<td>Administrative Assistant I - V</td>
<td>$64 - $79</td>
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<tr>
<td>Engineering Assistant I - III</td>
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<tr>
<td>Project Analyst I - IV</td>
<td>$83 - $126</td>
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<tr>
<td>Engineering Associate I - V</td>
<td>$100 - $125</td>
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<tr>
<td>Senior Civil Designer I - III</td>
<td>$132 - $142</td>
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<tr>
<td>Civil Engineer I - IV</td>
<td>$122 - $137</td>
</tr>
<tr>
<td>Mechanical Engineer I - IV</td>
<td>$122 - $137</td>
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<td>Senior Mechanical Engineer I - IV</td>
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<tr>
<td>Senior Environmental Resource Engineer</td>
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<td>Wetlands Specialist</td>
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<td>Project Manager</td>
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<td>Senior Project Manager</td>
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<tr>
<td>Director of Water Resources</td>
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</tr>
<tr>
<td>Director of Mechanical Engineering</td>
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<td>Director of Civil Engineering</td>
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<tr>
<td>Principal Engineer</td>
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<td>Principal</td>
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## Surveying Services:

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<tr>
<td>Surveying Assistant I - III</td>
<td>$66 - $83</td>
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<td>One-Man GPS/Robot Survey Crew</td>
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<td>Two-Man GPS Survey Crew</td>
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<td>Two Man Survey Crew</td>
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<td>Three Man Survey Crew</td>
<td>$260</td>
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<td>Survey Associate I - V</td>
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<td>Land Surveyor I - IV</td>
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<tr>
<td>Senior Land Surveyor I - IV</td>
<td>$144 - $154</td>
</tr>
<tr>
<td>Director of Surveying</td>
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## GIS Services:

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<th>Role</th>
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<tr>
<td>GIS Tech</td>
<td>$78</td>
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<tr>
<td>GIS Specialist I - IV</td>
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<td>Senior GIS Specialist I - III</td>
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<tr>
<td>GIS Manager</td>
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## Planning Services:

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<tr>
<td>Planning Assistant I - III</td>
<td>$66 - $83</td>
</tr>
<tr>
<td>Planning Designer I - III</td>
<td>$80 - $100</td>
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<tr>
<td>Planner I - IV</td>
<td>$122 - $137</td>
</tr>
<tr>
<td>Associate Planner I - V</td>
<td>$100 - $137</td>
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<tr>
<td>Senior Planner I - IV</td>
<td>$144 - $154</td>
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<tr>
<td>Supervising Planner</td>
<td>$149</td>
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<tr>
<td>Consulting Planner</td>
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<tr>
<td>Director of Planning</td>
<td>$154</td>
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Landscape Architecture Services:
Landscape Architecture Assistant I - III ........................................... $ 66 - $ 83
Designer I – V ....................................................................................... $100 - $125
Landscape Architect I - IV ................................................................. $122 - $137
Landscape Construction Specialist .................................................... $127
Senior Landscape Architect I - IV ...................................................... $137 - $152
Landscape Consultant .......................................................................... $154
Director of Landscape Architecture .................................................. $154

Construction Management / Field Inspection Services:
Administrative Assistant I - V ............................................................. $ 64 - $ 79
Project Analyst I - IV .......................................................................... $ 83 - $126
Engineering Inspector ......................................................................... $105
Construction Administrator .................................................................. $105
Resident Engineer ................................................................................ $129
Director of Construction Management ............................................... $154

Public Works Administration Services:
Project Analyst I - IV .......................................................................... $ 83 - $126
Program Manager ................................................................................ $122
Public Works Administrator I-III ....................................................... $122 - $132
Senior Right-of-Way Agent .................................................................. $144
Senior Engineer I-III ........................................................................... $144 - $152

Administrative Services:
Administrative Assistant I – V.......................................................... $ 64 - $ 79
Financial Analyst I – II ........................................................................ $ 83 - $105
Senior Financial Analyst ........................................................................ $122

Additional Professional Services:
Fees for expert witness preparation, testimony, court appearances, or depositions will be billed at the rate of $275 an hour.

Direct Expenses:
Reimbursement of direct expenses incurred in connection with the project scope of work will be invoiced to the client. A handling charge of 15% may be added to the direct expenses listed below. Direct expenses include, but are not limited to the following:

- travel expenses (automobile/ lodging/ meals)
- professional sub-consultants
- county/city fees
- document copies
- long distance telephone/fax
- postage/delivery service
- special materials
- blueprints
- photographs

Invoicing and Interest Charges:
Invoices are submitted monthly on an accrued cost basis in accordance with this Fee Schedule. A finance charge of 1.5% per month (18% per annum) will be assessed on all balances that are thirty days past due.

Fee Revisions:
Wallace Group reserves the right to revise our Schedule of Fees on a semi-annual basis, and also to adjust hourly prevailing wage rates (up or down) as the State establishes rate changes. As authorized in advance by the client, overtime on a project will be billed at 1.3 times the normal employee’s hourly rate.

Personnel Classifications:
Wallace Group may find it necessary to occasionally add new personnel classifications to our Schedule of Fees.

Mileage:
Wallace Group charges $0.60 per mile.
This Agreement (sometimes referred to herein as “Contract”), is made and entered into by and between the Santa Rita Hills Community Services District, (herein referred to as “District”), and Gary P. Keefe, (herein referred to as “Part-Time General Manager”) with reference to the following recitals:

RECITALS

A. District is a Community Services District organized and operating pursuant to 61000 et. seq., of the California Government Code.
B. District desires to enter into a Contract Employment relationship with Gary P. Keefe as Part-Time General Manager of the District.
C. Gary P. Keefe desires to enter into an employment relationship as Part-Time General Manager of the District.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

SECTION 1. EMPLOYMENT OF PART-TIME GENERAL MANAGER

A. Subject to the terms and conditions of this Contract, District hereby agrees to employ Gary P. Keefe as the District’s Part-Time General Manager and Secretary to the Board of Directors (collectively “Part-Time General Manager”).

SECTION 2. DUTIES

A. The duties of the Part-Time General Manager are generally described in Exhibit “A”, attached hereto and incorporated herein by this reference, and Government Code Section 61051 which provides as follows:

The Part-Time General Manager shall be responsible for all of the following:

1. The implementation of the policies established by the Board of Directors for the operation of the District.
2. The appointment, supervision, discipline, and dismissal of the District's employees, consistent with the By-Laws established by the Board of Directors.

3. The supervision of the District's facilities and services.

4. The supervision of the District's finances.

B. The Part-Time General Manager shall also act as the Secretary to the Board of Directors and shall be responsible for:

1. Maintaining accurate records of the proceedings of the Board of Directors.

2. Maintaining a book of District Ordinances or Codes with his or her attestation.

3. Maintaining District records including original Ordinances, Resolutions and Contracts and attest to the originals and true and correct copies of the same.

4. Administering Oaths or Affirmations and certifying affidavits and depositions pertaining to District affairs and business which may be used in any court or proceeding in the State.

C. The Part-Time General Manager agrees to perform the function and duties specified in paragraphs A, and B above and to perform other legally permissible and proper duties and functions as the District Board of Directors shall from time to time assign without additional compensation.

SECTION 3. TERM

A. This Contract shall take effect on or about February 15, 2014 ("Effective Date"), and shall remain in effect until the first of the following to occur ("termination date"): 

1. Nothing in this Contract shall prevent, limit or otherwise interfere with the right of Part-Time General Manager to resign at any time from his position with District, subject only to the provisions set forth in Section 4 of this Contract.

SECTION 4. TERMINATION

A. Part-Time General Manager understands and expressly agrees that he has no constitutionally protected property or other interests in his employment as Part-Time General Manager. Part-Time General Manager understands and expressly agrees that
he serves at the will and pleasure of the District Board of Directors and that he may be
terminated or asked to resign at any time by the District Board of Directors, with or without
cause.

SECTION 5. PAY AND WORKING HOURS

Subject to the time off provisions of Section 5, the following shall apply to Part-
Time General Manager:

A. **Pay.** District agrees to pay Part-Time General Manager for his services
rendered, at an hourly rate of $71.00 (seventy-one dollars) payable in equal installments
at the same time as other employees of District are paid. The District shall deduct all
normal withholdings required by law with respect to any amounts paid under this
section.

B. **Hours per week.** Part-Time General Manager shall work a minimum of 8
(eight) hours per week.

C. Part-Time General Manager shall devote such time, interest, and effort to
the performance of his duties as may be reasonably necessary to fulfill the duties
described in Section 2 requirements. Without limiting the generality of the foregoing,
Part-Time General Manager understands that the management of the District is a part-
time job, and may at times require more, less or other hours than from 8:00 a.m. to 5:00
p.m. Monday through Friday. The Part-Time General Manager understands and agrees
that he must be available at any time to perform the duties necessary to manage the
District.

D. Both parties acknowledge that specific duties of the Part-Time General
Manager may vary from time to time.

SECTION 6. OUTSIDE PROFESSIONAL ACTIVITIES

It is expressly understood that Part-Time General Manager may, from time to
time, undertake outside professional activities as a volunteer or for compensation,
provided such activities do not interfere with General Manager's normal duties. Under
no circumstances shall such outside activities create or appear to create a conflict of
interest with the duties of Part-Time General Manager and/or the interests of District.
SECTION 7. EXPENSES

The District shall reimburse Part-Time General Manager for incurred expenses as follows:

A. **Automobile.** Part-Time General Manager shall provide his own automobile. District shall reimburse Part-Time General Manager for automobile expenses at the prevailing IRS per diem mileage rate for:
   (1) Expenses incurred in performing services for the District.

B. **Payment.** Part-Time General Manager shall invoice District on a monthly basis for expenses referenced in this Section which shall be considered for approval as part of the monthly Warrant Register prior to payment.

C. **Business Expenses.** District shall reimburse Part-Time General Manager for such reasonable and appropriate District-related business and/or travel expenses as are submitted and processed in compliance with the District’s policies.

SECTION 8. PROFESSIONAL DEVELOPMENT

A. As part of its normal budget process, and reserving the right to establish appropriate priorities and funding amounts, the District will budget funds for certain items, activities and material deemed necessary, participation, growth and advancement. Those items, activities and materials may include:
   (1) Professional duties and subscriptions necessary for full participation in appropriate and relevant associations and organizations.
   (2) Travel and subsistence expenses for professional meetings and similar functions (e.g., short courses, conferences, seminars) to foster professional development.
   (3) Other items, activities and materials, as shall be agreed upon from time to time between Part-Time General Manager and District.

B. Expenditures for items in subparagraph A (above) shall be deemed pre-approved, if the expenditures are within the District’s budgeted amounts for the appropriate category. All other expenditures shall be pre-approved by the District Board of Directors. Part-Time General Manager shall keep District informed on at least a monthly basis, as part of the Part-Time General Manager’s Report (on the Board of Directors meeting agenda) of all expenditures incurred in connection with professional
development and a summary of educational conferences and seminars attended during the previous 30 days. All books, subscriptions and other items obtained pursuant to paragraph A above shall be in the name of the District and at all times shall remain the exclusive property of the District.

C. Part-Time General Manager shall receive prior Board of Director approval for:

1. Travel and subsistence expenses to courses, conferences, and seminars conducted outside the State of California; and
2. Air travel.

SECTION 9. CELL PHONE REIMBURSEMENT

Part-Time General Manager shall be reimbursed monthly at a rate of $75.00 per month for maintaining a working cell phone, provided that said cell phone provides “24/7” District employee and Board member access to the General Manager. The Board may increase this rate as it may deem necessary by amendment to this Agreement.

SECTION 10. AUTOMOBILE INSURANCE

During the Contract Term Part-Time General Manager shall maintain automobile insurance on personal vehicles. Proof of insurance shall be lodged with the District prior to the Effective Date.

SECTION 11. NOTICES

A. Notices pursuant to this Contract shall be in writing and shall be deemed received at the earlier of either (a) actual receipt, or (b) three (3) days following deposit in the U.S. Mail as provided below. Notices delivered by U.S. or private mail shall be directed to the addresses shown below, provided that a party may change addresses by giving written notice to the other party in accordance with this subsection:

1. District:
   Santa Rita Hills Community Services District
   1550 Burton Mesa Blvd
   Lompoc, California 93436
   Attn: Tom Freeman, President of the Board of Directors
2. Part-Time General Manager:
   Gary P. Keefe
   1370 Onstott Road
   Lompoc, CA 93436

B. Notices under this section may be:
   (1) Served personally; or
   (2) Sent by facsimile (provided a hard copy is mailed within one (1) business day); or
   (3) Delivered by first class U.S. Mail, certified, with postage prepaid and a return receipt requested; or
   (4) Sent by Federal Express or equivalent private mail delivery service.

SECTION 12. GENERAL PROVISIONS

A. Part-Time General Manager shall comply with all local and state requirements regarding conflicts of interest and shall avoid personal involvement in situations which are inconsistent or incompatible with a position of Part-Time General Manager or give rise to the appearance of impropriety.

B. In accordance with and to the extent provided by California’s Tort Claims Act (Government Code Section 825 et seq. and Government Code Sections 995-996.5), the District shall defend and indemnify Part-Time General Manager against any and for all losses sustained by the Part-Time General Manager in direct consequences of the discharge of the Part-Time General Manager’s duties on the District’s behalf for the period of the Part-Time General Manager’s employment pursuant to this Contract.

C. The terms of this Contract are intended by the parties as the final expression of their agreement and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. The parties further intend that this Contract constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding, if any, involving this Contract. Any amendments to this Contract must be in writing and executed by both parties.

D. In the event of Part-Time General Manager’s death, Part-Time General Manager’s heirs, legatess, devisees, executors or legal representatives shall be entitled to all salary earned, but not paid. Part-Time General Manager and his heirs, legatess,
devisees, executors or legal representatives shall not be entitled to any other compensation, including, without limitation, any severance compensation.

E. If any term, covenant, condition or provision of this Contract is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

F. This Contract shall be governed by the laws of the State of California. Part-Time General Manager and the District agree that venue for any dispute shall be in San Luis Obispo County, California.

G. The parties acknowledge that they understand the significance and consequences of this Contract. The parties also acknowledge that they have been given full opportunity to review and negotiate this Contract and execute it only after full reflection and analysis, and that they have had an opportunity to review this document and its application and meaning with their respective attorneys and advisors. This Contract shall not be interpreted against the party who prepared the initial draft because all parties participated in the drafting of this Contract by having ample opportunity to review and submit suggested changes or corrections for incorporation into the final version of this Contract.

H. Part-Time General Manager may not assign this Contract in whole or in part.

I. This Contract may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument, and shall be governed by the laws of the State of California.

J. This Contract shall become effective on the date the Contract is approved by the District Board of Directors.

IN WITNESS WHEREOF, District and Part-Time General Manager have executed this Contract on the day and year first set forth below.
I have read this Contract and agree to be employed by the District under the terms and condition herein stated. I understand and agree that no representative of the District has the authority to enter into any agreement, expressed or implied, that would modify the terms and conditions of this Contract.

Gary P. Keefe
Part-Time General Manager

13 FEB 14
Date

Approved by District Board of Directors

Tom Freeman, President
Santa Rita Hills Community Services District

2/13/14
Date