



**SCOTIA COMMUNITY SERVICE  
DISTRICT  
NOTICE IS HEREBY GIVEN THAT A  
REGULAR MEETING OF  
THE *BOARD OF DIRECTORS***

**WILL BE HELD AT:  
122 MAIN STREET  
SCOTIA, CALIFORNIA  
Thursday, December 18, 2014  
6:30 P.M.**

**Agenda is Posted 3 Days prior to the  
meeting**



**SCOTIA COMMUNITY SERVICE DISTRICT  
NOTICE IS HEREBY GIVEN THAT A REGULARLY SCHEDULED MEETING OF THE  
BOARD OF DIRECTORS**

**WILL BE HELD AT:  
122 MAIN STREET  
SCOTIA, CALIFORNIA  
THURSDAY, December 18, 2014  
6:30 P.M.**

**AGENDA**

**A. CALL TO ORDER**

The Presiding officer will call the meeting to order and call the roll of members to determine the presence of a quorum.

**ROLL CALL (DIRECTORS IN ATTENDANCE)**

**PLEDGE OF ALLEGIANCE**

**ADDITIONS TO THE AGENDA**

Items may be added to the agenda in accordance with Section 54954.2(b)(1) of the Government Code (Brown Act). Items will be added to the agenda only on the basis that *there is a need to take immediate action* and that the *need for action came to the attention* of the Scotia Community Services District Board of Directors *after the agenda was posted*. All documentation supporting this agenda is available for public review in the District office during normal business hours.

**B. SETTING OF AGENDA**

The Board may adopt/revise the agenda as presented.

**C. CONSENT CALENDAR**

Consent Calendar items are expected to be routine and non-controversial, to be acted upon by the Board of Directors at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it shall be removed so that it may be acted upon separately.

**1. APPROVAL/DISAPPROVAL OF MINUTES FROM PREVIOUS MEETING(s)**

**November 20, 2014**

**SCSD Regular Board Meeting Minutes**

**D. PUBLIC COMMENTS & WRITTEN COMMUNICATIONS**

Regularly scheduled meetings will provide an opportunity for members of the public to directly address the SCSD Board Members-Elect on any action item that has been described in the agenda for the meeting, before or during consideration of that item, or on matters not identified on the agenda within the Board-elect's jurisdiction. Comments are not generally taken on non-action items such as reports or information.

**CORRESPONDENCE**

The Board will review recent District correspondence

Written correspondence is always welcome and should be used for complex issues.

**Includes:**      **Training Opportunities for Board Members, January -July 2015.**  
                     **Phone call with Regional Water Quality Control Board - NPDES Permit**  
                     **Email with Water Resources Control Board - Drinking Water Program**



**ADJOURN TO CLOSED SESSION**

A.1 Call to Order

A.2 Roll Call (Directors in Attendance)

A.3 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION - Section 54956.9 (d)(3) Meeting to Decide whether a closed session is authorized. Specific in regards to Convenat and Agreement to Dedicate Property and Convey other Assets to the Scotia Community Service District

A.4 CLOSED SESSION DISCUSSION

**ADJOURN TO REGULAR MEETING- OPEN SESSION**

A.5 REPORT OUT OF CLOSED SESSION

**H. ADJOURNMENT**

Notice regarding the Americans with Disabilities Act: The District adheres to the Americans with Disabilities Act. Persons requiring special accommodations or more information about accessibility should contact the District Office. Notice regarding Rights of Appeal: Persons who are dissatisfied with the decisions of the SCSD Board of Directors have the right to have the decision reviewed by a State Court. The District has adopted Section 1094.6 of the Code of Civil Procedure which generally limits the time within which the decision may be judicially challenged to 90 days.

## **Board Minutes**

*Draft Minutes of Regular Meeting of November 20, 2014*

**DRAFT**  
**Minutes of the Regular Meeting of**  
**The Scotia Community Service District**  
**Thursday, November 20, 2014,**  
**at 6:30 PM**  
**122 Main Street, Scotia, CA**

**Agenda Item A - Call to Order, Roll Call, Additions to the Agenda**

The regular meeting of the Board of Directors of the Scotia Community Service District convened at 5:35 pm with the following directors and staff in attendance:

Rick Walsh,	Director - present
John Broadstock,	Director - present
Gayle McKnight,	Director - present
Diane Bristol,	Director - present
Susan Pryor,	Director - present

Mark Richardson, Interim General Manager - present

**Agenda Item B -**

<b>Approval of the Agenda</b>	Director Walsh
<b>Seconded:</b>	Director McKnight
<b>Motion Summary:</b>	Approval of Agenda as adjusted
<b>Motion Vote:</b>	AYES - All
	<b><u>Motion passed</u></b>

**Agenda Item C - Approval/Disapproval of minute(s) from previous meeting(s)**

**Special Meeting of October 16, 2014**  
**Regular Meeting of October 22, 2014**

<b>Approval of the Agenda</b>	Director Gayle McKnight
<b>Seconded:</b>	Director Susan Pryor
<b>Motion Summary:</b>	Approval of Agenda as adjusted
<b>Motion Vote:</b>	AYES - All present
	<b><u>Motion passed</u></b>

**Agenda Item D - Public Comments & Written Communications**

Email correspondence received from Mt. Tamalpais Historical Railroad Committee regrading status of Scotia #9 Locomotive. No comments from SCSD Board.

**Agenda Item E - Public Hearing -**

**No Public hearing**

**Agenda Item F - Staff and committee Reports:**

**F1. Managers report submitted to Board**

**Agenda Item G - Continued and New Business**

**G1 - New Business:**

Request from Four Square religious organization of Eureka to scheduled routine, year round Sunday services at the Winema Theater. The TOS Co, LLC, is the owner and manager of the Winema at this time. Frank Bacik, President, TOS, that the TOS was not willing to routinely schedule the organization on a weekly, year-round basis, but was supportive of the group renting the facilities from time to time, as has occurred over the prior six months.

The Board and Frank Bacik held a general policy discussion with "Matt ?".. regarding the transition from TOS to the SCSD over the next year, and that the SCSD will be adopting regulations and policies on the utilization of the Theater in 2015 prior to taking ownership.

**No action by the board.**

**G2 - SCSD sent an RFP to two Legal firms.** Both firms had submitted a valid response to the RFP. The firms are: Nancy Diamond, Attorney and Christopher Neary & O'Brien Attorney's at Law.

**Motion to Hire Nancy Diamond Law Firm:** Director John Broadstock  
**Seconded:** Director Diane Bristol

**Motion Summary:** Approval of Motion to hire Nancy Diamond pursuant to the RFP and proposed contract for services. Direction to Board President to sign the contract agreement for services.

Board moved to vote without discussion

**Motion Vote:** AYES - All

**Motion passed**

**Agenda Item H - Adjournment at 7:55 pm**

Board Director John Broadstock made motion to adjourn meeting to Special meeting October 22nd, at 5:30 PM.  
Seconded by Director Susan Pryor  
Motion to Adjourn by voice vote  
AYES - All Board members



# Correspondence and Communications

## December 18, 2015 Board Meeting

- Free California Drinking Water Workshops
- Letters to the State Water Resource Board regarding the California State Drinking Water Plan - Draft (see manager's report)
- TOS Company LLc. Draft Covenants, Conditions & Restrictions for Town of Scotia Subdivision Phase I (see manager's report)
- Phone call with RWQCB regarding transition requirements from TOS to SCSD. (See manager's report)



# FREE California Drinking Water Workshops

Classroom & Online: January–June 2015

**Presented by:**  
Rural Community  
Assistance Corporation (RCAC)

**Funded by:**  
State Water Resources Control Board

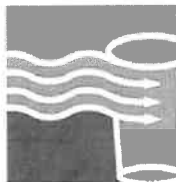




**Association  
of California  
Water Agencies**

*Since 1910*

Leadership • Advocacy  
Information • Service



**California  
Water  
Association**



American Water Works Association

**California-Nevada Section**

Sent via ELECTRONIC MAIL to [commentletters@waterboards.ca.gov](mailto:commentletters@waterboards.ca.gov)

December 15, 2014

Jeanine Townsend, Clerk to the Board  
State Water Resources Control Board  
1001 I Street, 24th Floor  
Sacramento, CA 95814

**Re: Comments regarding the Draft Safe Drinking Water Plan for California**

Dear Ms. Townsend:

The Association of California Water Agencies, the California Municipal Utilities Association, the California-Nevada Section of the American Water Works Association and the California Water Association appreciate the opportunity to comment on the State Water Resources Control Board's ("State Board") draft Safe Drinking Water Plan for California ("Draft Plan"). As representatives of the entities that provide safe drinking water to the vast majority of Californians, we acknowledge the Draft Plan as a valuable reference and resource for the drinking water community and agree with many of its recommendations. However, we do have significant concerns with two of the specific recommendations included in the Draft Plan. We recommend that these provisions be removed from the Draft Plan and the Chapter 10

“Implementation Plan.” Our organizations’ comment letters, submitted under separate cover, include recommendations and suggested language to replace these provisions.

First, we oppose Draft Plan Recommendation 8-5’s recommendation for the enactment of legislation to “mandate a requirement that a small public water system that is within the sphere of influence of a larger water system should be required to annex to the larger system.” This proposed annexation mandate does not address the legal, financial and technical barriers to consolidation that currently exist. The proposed annexation mandate would also apply to well-managed and sustainable small systems, creating potential financial and organizational burdens that would not result in any practical benefit. The State Board should instead focus on the development of a strategy to remove the barriers to consolidation.

Second, we oppose Draft Plan Recommendation 4-3’s “water usage fee” tax proposal. Under Proposition 26, the enactment of such a tax would require a two-thirds vote of the Legislature. This water usage tax would also be regressive, and as the State Board’s February 2013 report to the Legislature “Recommendations Addressing Nitrates in Groundwater” noted, “a water use fee may be viewed as a burden on low-income residents.” We recognize the value of the development of stable funding sources to help fund safe drinking water solutions in small disadvantaged communities and encourage the State Board to engage stakeholders in discussions to identify viable, stable, long-term funding sources.

Our organizations appreciate the substantial efforts of State Board staff to produce the Draft Plan and organize stakeholder workshops that allowed drinking water community stakeholders with an opportunity to provide input into its continued development. Our organizations are committed to working with the State Board and other stakeholders to address drinking water quality and reliability issues, and we look forward to working with State Board staff as they continue to refine the Draft Plan.

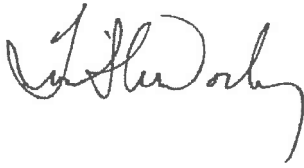
Sincerely,



Timothy H. Quinn  
Executive Director, Association of California Water Agencies

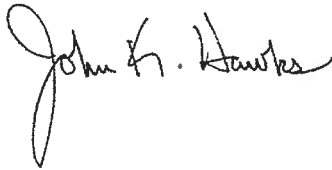


Danielle Blacet  
Director for Water, California Municipal Utilities Association



Timothy Worley, PhD

Executive Director, California-Nevada Section, American Water Works Association



John K. Hawks

Executive Director, California Water Association

cc: The Honorable Felicia Marcus, Chair, State Water Resources Control Board  
The Honorable Dorene D'Adamo, Member, State Water Resources Control Board  
The Honorable Tam M. Doduc, Member, State Water Resources Control Board  
The Honorable Frances Spivy-Weber, Member, State Water Resources Control Board  
The Honorable Steven Moore, Member, State Water Resources Control Board  
Mr. Tom Howard, Executive Director, State Water Resources Control Board  
Ms. Cindy Forbes, Deputy Director, State Water Resources Control Board  
Ms. Karen Larsen, Assistant Deputy Director, State Water Resources Control Board



California Association of Mutual Water Companies  
1440 N. Harbor Blvd., Suite 900  
Fullerton, CA 92835  
(714) 449-3397  
[www.calmutuals.org](http://www.calmutuals.org)

Jim Byerrum  
President and  
Chairman of the Board

Adán Ortega  
Executive Director

December 11, 2014

Ms. Jeanine Townsend, Clerk to the Board  
Cc: Members of the Board  
California State Water Resources Control Board  
P.O. Box 100  
Sacramento, CA 95812-0100

**VIA ELECTRONIC MAIL**

Dear Ms. Townsend:

**SUBJECT: COMMENTS REGARDING THE SAFE DRINKING WATER PLAN FOR CALIFORNIA**

We appreciate this opportunity to comment on the Safe Drinking Water Plan for California (the "Plan"). The California Association of Mutual Water Companies ("Cal Mutuals") is a not-for-profit representing California's mutual water companies. Many of our members are small water systems that are a major focus of the Plan. We would also like to provide context that will help you better understand how the draft plan may help and hinder our members, as well as other small water systems throughout the state.

It has become apparent from our work that many agencies and policy makers do not understand the role and nature of mutual water companies. A mutual water company is a privately owned not-for-profit corporation that provides water service to its shareholders, and/or their properties, at cost. As such, mutual water companies do not generate profits and do not distribute any excess revenues to their shareholders. Mutual water companies are organized under California's corporate code and must abide by all environmental and health regulations that apply to public water systems, in addition to laws requiring transparency, director training, and financial reporting that do not apply to special districts and other types of water providers.

More specific to the Safe Drinking Water Plan for California we provide the following comments:

**1. Safe Drinking Water Standards Disproportionately Affect Small Water Systems in Economically Disadvantaged Areas.**

As the Plan points out, safe drinking water standards disproportionately affect small water systems<sup>1</sup>, particularly those in economically disadvantaged areas. The Plan overlooks how increasingly safe drinking water standards are derived from ever more sophisticated detection tools and ensuing treatment technologies that few small systems, and even some larger systems, can afford. This problem has been demonstrated by the disproportionate non-compliance of small systems with arsenic and nitrate standards, and is exacerbated by the new standard for Hexavalent Chromium that will result in even higher rates of non-compliance given that many impacted communities cannot afford the necessary centralized treatment systems.

Unfortunately, the Plan fails to adequately address this issue. Instead, the Plan's proposed remedies center around the promise of grants and loans from various sources including the Proposition 1 water bond; the promise of affordability based on the current regulatory platform for safe drinking water; unrealistic "shared solutions" to spread costs; and mandated take-overs and consolidations (see Item 3, below).

To better address this issue, we respectfully suggest that the Plan also include a State Drinking Water *Strategic* Plan that employs a timely "multi-contaminant approach" toward the setting of regulatory standards while gathering financial resources to help small systems comply. This is akin to the "multi-species" approach the State Water Board, state fisheries authorities and Federal agencies are taking with the Endangered Species Act. Such a framework for setting safe drinking water standards should take into account relevant, practical factors, such as pending standards for other contaminants, the financial impact on water systems, liability issues, and supply availability. That type of model will provide greater predictability in the ability of small systems to comply with drinking water standards and enhance a water suppliers' ability to strategically plan for financial impacts, necessary treatment technologies, and public involvement efforts.

Without such a plan, small water systems will continue to find that each new regulatory standard sets them at even greater disadvantage while scrambling for ad-hoc and improvised remedies. The state also finds itself developing funding sources without any way to quantify what burdens of cost the future holds not only for small system operators but for California's tax payers. Finally, by ignoring the cost of water treatment technology and infrastructure as "core infrastructure," the plan's call for requiring capital improvement set-asides by small systems, rings hollow and will become a wasteful exercise and expense.

**2. A More Stable Source of State Financial Resources Must be Provided.**

The recently approved water bond, Proposition 1, includes approximately \$500 million for assistance of small systems and safe drinking water. While that is a significant amount of money, it is a "drop in the bucket" when compared with the safe drinking compliance costs facing

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<sup>1</sup> The term "small water system" is not defined and thus is subject to varying usage. We believe it would be beneficial for the State Board to define that term so that it is clear what systems would meet that definition. That is an important point in light of the consolidation recommendations included in the Plan.

water agencies throughout the state. The Association of California Water Agencies estimates compliance costs at \$4 billion statewide just for Hexavalent Chromium. The entire amount dedicated to small systems in the water bond would barely suffice to assist water suppliers in just the Coachella Valley to come into compliance. Similarly, in parts of Lancaster in the Antelope Valley, Hexavalent Chromium compliance costs can amount to \$35,000 per year per service connection.

Another important factor to be considered (which is indirectly a financial factor) is the liability that a water supplier may face if it provides water that does not comply with applicable standards. When a public water system delivers water from a source that is exceeding a state water quality standard, it must provide notice regarding that situation. Such notifications expose that system to potential liability from customers and third parties. Thus, in some instances (particularly involving small systems serving poor areas), the water supplier has simply abandoned its groundwater wells and instead has provided water from more expensive water sources, which results in increased water rates to its customers. This recently took place in the Santa Ynez Valley where public and private not-for profits and investor-owned utilities took this step.

Lastly, the Plan ignores the real world costs that many of its recommendations will have on water suppliers. Procuring and installing meters, preparing and implementing asset management and funding infrastructure replacement, are all laudable actions which we support. However, available state funding is not sufficient to cover the need, and water rate increases in small and disadvantaged communities are not feasible. Other regulations are already causing adverse financial effects on small systems given their inconsistent definition. For example the NPDES permit compliance for the discharge of drinking water affects systems with 2,000 and more connections. The annual financial review of mutual water company financial statements under AB 240 enacted in 2013 specifically targets systems with under 1,000 connections – costing some as much as 25% of their annual revenue. Such compliance costs are not fully considered when new requirements are put in place by regulatory agencies or the Legislature.

In summary, more stable and effective funding from the state (as contemplated by Recommendation 4-5 in the Plan) is necessary to assist water systems (and especially small systems) in ensuring that the water they provide is safe and remains affordable. Funding may be stabilized through a strategic plan that incorporates the regulatory process as discussed earlier in this letter. In addition, by planning smartly, accounting for timing in the implementation of safe drinking water standards, accounting for all actions under its control as well as providing input and exerting influence with other regulatory agencies and Legislature, the State Water Board can significantly assist small systems in providing safe and affordable water to their customers and shareholders. With its recent assumption of authority over safe drinking water, the State Water Board should not miss this opportunity.

### **3. Consolidations Must Be Carefully Considered.**

We are concerned by the Plan's express mandate to consolidate small systems with large systems regardless of the circumstances surrounding the respective systems. We appreciate statements by Water Board Staff during the public workshops that this recommendation applies to non-compliant systems. However, that wholesale willingness to consolidate is exhibited in Recommendation 8-5, which recommends legislation that would require a small public water system that is within the sphere of influence of a larger water system to annex to the larger system. We remain concerned because during the workshops, staff surmised without citing a specific study



applying to the whole state, that larger systems charge less for water than small systems as a universal truth.

Simply put, bigger is not always better. Real world examples illustrate this point. We are aware of a small special district water system located within an economically disadvantaged community in the Greater Los Angeles area. A preliminary recommendation was put forth to consolidate that district with the Central Basin Municipal Water District (“CBMWD”) – a much larger agency that is rife with dysfunction and corruption. Under the Plan’s Recommendation 8-5, the consolidation of that smaller district into the CBMWD would be mandatory. CBMWD is notorious for levying unnecessary surcharges on their sale of imported and recycled water. Needless to say, that consolidation may not have been in the best interests of the smaller district’s customers.

Please allow for situations when a smaller system may provide fully compliant drinking water, more than adequate service to its customers at a reasonable cost. For example, in Pasadena, a mutual water company is providing drinking water to that much larger municipality. Lastly, the recommendations concerning consolidation ignore the practical realities that: (1) counties and county service areas may themselves lack the funding and thus, the desire to take over small water systems with poorly maintained systems in need of significant infrastructure improvements; and (2) some small water systems are located in areas distant from other larger systems, which makes consolidation difficult or even impossible.

A process for consolidation exists in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.). We believe that steps should be taken to adjust that existing process to facilitate consolidations where they make practical, economic and operational sense. A blanket law that requires forced consolidations will end up doing more harm than good.

#### **4. Shared Solutions May Be Problematic.**

Cal Mutuals fully supports the concept of having larger systems help small systems. In fact, that is one of the goals of our association – to become a statewide resource, with the assistance of our larger members, to assist small mutual water companies throughout the state.

Unfortunately, there are numerous obstacles that interfere with that noble goal when one mixes the types of larger systems that must help various types of small systems. Chief among those obstacles is Proposition 218, which restricts the purposes for which a public agency water supplier can collect and expend its revenues. Similarly, mutual water companies are restricted to selling their water for cost, which can limit what is a recoverable “cost” for their purposes.

While there are some current examples of larger systems assisting smaller systems, accomplishing that recommendation (Recommendation 3-1) may not be as easy as the Plan contemplates and dedicated funding for such assistance is imperative.

#### **5. A Water Use Fee must be Thoughtfully Considered.**

Recommendation 4-3 makes reference to possible adoption of a water user fee. The contemplated fee appears to be similar to the public goods charge that was the subject of SB 34 in the 2011-12 Legislative Session. That charge generated much opposition in the water industry because of the uncertainty over how it would be implemented and regarding the inequity by which the monies generated by that charge would be expended (i.e., monies generated in one

particular water supplier's area were not guaranteed to return to that area for improvements in that area).

Certainly, there are many legal and possibly constitutional issues that would need to be addressed before any such statewide fee or tax could be adopted. Thus, we encourage the State Water Board to be extremely thorough and thoughtful in its approach to such a fee – which will likely have impacts on all of the state's residents who will end up paying that fee or tax.

In conclusion, Cal Mutuals again thanks the State Water Board and its staff for the diligent effort put into the Plan. While we concur with many of the Plan's recommendations, we also believe it is important to acknowledge its shortcomings so that any adverse consequences can be avoided where possible. Please feel free to contact me with any questions concerning these comments at 714 449-3397.

Sincerely,

California Association of Mutual Water  
Companies



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Adán Ortega, Jr.  
Executive Director

Cc: Board of Directors, California Association  
of Mutual Water Companies

**DECLARATION  
OF  
COVENANTS, CONDITIONS & RESTRICTIONS  
FOR TOWN OF SCOTIA SUBDIVISION  
PHASE I**

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

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**DECLARATION  
OF  
COVENANTS, CONDITIONS & RESTRICTIONS  
FOR TOWN OF SCOTIA SUBDIVISION  
PHASE I**

This Declaration of Covenants, Conditions and Restrictions for Town of Scotia (the “Declaration”) is made by the subdividing property owner, Town of Scotia Company, LLC (“Declarant”).

**RECITALS**

A. Declarant is the owner of certain real property located in the unincorporated area of Humboldt County, California, which is more particularly described in attached Exhibit “A” (the “Development”).

B. Declarant has deemed it desirable to impose a general plan for the improvement and development of all of the Lots located within the Development through the creation of certain protective covenants, conditions, restrictions, reservations, easements, equitable servitudes, and charges all running with the Development as hereinafter set forth.

C. Declarant hereby declares that all residentially zoned or permitted areas within the Development shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied, and improved subject to the following easements, restrictions, covenants, conditions, and equitable servitudes, all of which are imposed for the attractiveness and desirability of the Development in furtherance of a general plan for the protection, maintenance, subdivision, improvement, and sale of the Development, or any portion thereof. The covenants, conditions, restrictions, reservations, easements, and equitable servitudes set forth herein shall run with the land in accordance with California Civil code Section 1468, and shall be binding upon all persons having any right, title, or interest in the Development, or any portion thereof, their heirs, successors, and assigns, and shall inure to the benefit of every portion of the Development and any interest therein.

**ARTICLE 1            DEFINITIONS**

1.1 Definitions, Generally. When the words and phrases described in this Article are used in the Declaration, they will have the meanings set forth in this Article. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the

masculine, feminine, and neuter shall each include the masculine, feminine, or neuter, as the context requires. The use of the term “may” in this Declaration indicates discretion or choice, and the use of the term “shall” in this Declaration means imperative, mandatory or imposing an absolute duty.

1.2 Architectural Rules. “Architectural Rules” or “Rules” shall mean the rules and regulations adopted by Humboldt County and specifically applicable to Scotia, under the Design Control Combining Zone designation to provide controls and safeguards to preserve and enhance areas of historic, scenic, civic or cultural values. At the time of the Declaration, those Rules appear at Humboldt County Zoning Regulations Sections 314 – 19.1.9 et seq.

1.3 County. “County” shall mean Humboldt County, California, and its various departments, division, employees and representatives.

1.4 Declarant. “Declarant” shall mean Town of Scotia Company, LLC, a Delaware limited liability company. The term “Declarant” shall also mean any successor or assign of Declarant, provided a certificate, signed by Declarant and Declarant’s successor or assign, is Recorded against the portion of the Development which the successor or assign assumes the rights and duties of Declarant.

1.5 Declaration. “Declaration” shall mean this instrument, as it may be amended from time to time.

1.6 Development. “Development” means the real property described in attached Exhibit “A”, together with all Improvements now located or hereafter constructed or installed thereon, and all appurtenances thereto. It is the intent of Declarant that these restrictions apply to all the residential lots and improvements within the subdivision, including lots zoned or permitted for residential use by the County.

1.7 Governing Documents. “Governing Documents” shall mean this Declaration.

1.8 Improvement. “Improvement” shall mean all structures and improvements including without limitation Residences, buildings, landscaping, paving, fences, and signs.

1.9 Lot. “Lot” shall mean any plot of land shown upon the Subdivision Map.

1.10 Mortgage. “Mortgage” shall mean a deed of trust as well as a mortgage in the conventional sense. “First Mortgage” shall mean any Recorded Mortgage on a Lot with first priority over other Mortgages on such Lot. “Mortgagee” shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.

1.11 Owner. “Owner” shall mean any person, firm, corporation or other entity in which fee title to a Lot is vested as shown by the official records of the office of the County Recorder, including the purchaser under an installment land contract, but excluding those having such interest merely as security for the performance of an obligation. If a Lot is transferred or conveyed to a trust, the Owner is the trustee or the co-trustees of such trust. A person or entity is

not an Owner due to (a) community property or other equitable rights not shown of Record; or (b) rights of adverse possession not shown of Record. Where the context requires, the term "Owner" shall include the members of the Owner's household and the Owner's guests, tenants/lessees and invitees.

1.12 Record; Recordation; Filed. "Record," "Recordation," and "Filed" shall mean, with respect to any document, the recordation or filing of such document in the official records of the Humboldt County Recorder's office.

1.13 Residence. "Residence" shall mean a residential structure located upon a Lot which is designed for human residential use and occupancy.

1.14 Resident. "Resident" shall mean a residential structure located upon a Lot within the Development whether or not such person is an Owner.

1.15 Subdivision Map. "Subdivision Map" shall mean the final or partial final, "phased" subdivision map Filed with the County Recorder for Phase I of the Development.

## **ARTICLE 2           USE RESTRICTIONS**

2.1 Offensive Conduct, Nuisances, Noise. No noxious, harmful or offensive activities shall be conducted upon or within any part of the Development, nor shall anything be done thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance, or annoyance to any Residents of the Development, or which shall in any way interfere with their use and enjoyment of their Lots or Residences. Without limiting any of the foregoing, no Resident shall permit noise, including without limitation the barking of dogs or excessively loud music, to emanate from the Resident's Lot, vehicles, or the vehicles of guests and invitees, which would unreasonably disturb another Resident's enjoyment of his or her Lot.

2.2 Restriction on Businesses. Except as specifically provided in this Section and Sections 2.18 and 2.19, below, no Lot, or any portion thereof within the residential zoned area of the Development, shall be occupied or used for other than residential purposes. No business of any kind shall be established, maintained, operated, permitted, or conducted within the Development except:

(a) Professional and Administrative. Those professional and administrative occupations as may be permitted by, and which are conducted in conformance with, all applicable governmental ordinances provided that there is no external evidence thereof.

(b) Development and Sales of Residences. Declarant shall be entitled to use Residences as models, sales or rental offices or construction headquarter for the purpose of constructing or repairing Residences and marketing of Residences within the Development or for development projects located outside of the Development.

(c) Permitted by Law. Those other businesses which by law must be permitted to be conducted within the Development, including, but not limited to the businesses described in Sections 2.18 and 2.19, below.

2.3 Requirement of Design Review and Special Permitting Approval. As addressed in greater detail in Article 5, construction, installation, modification, alteration of buildings, outdoor structures, fences, awnings, outdoor lighting and all other exterior Improvements may be subject to approval by Humboldt County under standards and procedures applicable to Scotia particularly; Humboldt County Zoning regulations Sections 314 – 19.1.9 et seq. Scotia's Design Control Combining Zone regulations provide controls and safeguards to preserve and enhance areas of historical, scenic, civic, or cultural values in the Subdivision and Development and operate in lieu of a Development Architectural Review Committee.

2.4 Sports Apparatus. A portable basketball standard may be placed in the driveway of a Residence in accordance with the provision of this Section. To protect the health and safety of players, Residents and guests, no portable basketball standard may be placed on the street. A portable basketball standard or any other sports apparatus must be kept in good condition and repair and used in accordance with manufacturer's recommendations. Any portable basketball standard must be stored in the garage and behind the fence of the Owner's Lot when it is not being used for play. In no event is a portable basketball standard permitted to remain in the front yard or driveway of a Residence overnight. Fixed basketball standards, including standards permanently affixed to the Residence or free-standing poles, are not permitted in the front yard or driveway if any of a Residence.

2.5 Window Coverings. Drapes, window shades, or shutters shall be installed in the windows of all Residences and garages. In no event shall windows be painted, nor shall aluminum foil, newspaper, bed sheets, flags or banners, cardboard or similar materials be placed in windows. All window coverings shall be maintained in good repair and condition at all times.

2.6 All Signs. All signs shall be in compliance with Humboldt County Zoning Ordinance and Regulations.

2.7 Antennas. No outside television antenna, aerial, satellite dish or similar device for the transmission or reception of television, radio, satellite, or other signals of any kind, are permitted within the Development, except as provided in this Section. Antennas or satellite dishes with a diameter or diagonal measurement not greater than one (1) meter which are designed to receive direct broadcast satellite services, video programming services via multi-point distribution services, or television broadcast signals (collectively "Permitted Dishes") may be erected, placed or installed on a Lot, subject to the following restrictions, provided that the application of these restrictions do not unreasonably delay installation or expense, or preclude reception of an acceptable quality signal:

(a) Not Visible From Street. To the extent practical, all Permitted Dishes shall be placed in locations which are not visible from the streets within the Development.



(b) Additional Rules. All Permitted Dishes shall be installed in accordance with such reasonable restrictions which may be imposed by Humboldt County as part of the Design Control Combining Zone and applicable zoning regulations as described in Article 5.

2.8 Trash Disposal. Trash, garbage, accumulated waste plant material and all other waste refuse shall be deposited only in covered sanitary containers or recycling containers in accordance with the following provisions:

(a) Screened Containers. Except as provided in subsection 2.8(b), the containers shall be maintained upon each Lot and shall be screened or otherwise concealed from view from the streets or other Residences.

(b) Trash Collection. The containers may be placed for pickup at a reasonable time prior to trash collection and shall be stored as specified in subsection 2.8(a) not more than twenty-four hours (24) after collection.

(c) Trash Storage. No Owner or Resident shall permit or cause any garbage, trash or other waste or refuse to be kept upon any portion of any Lot outside of the Residence or elsewhere in the Development, except in such containers.

## 2.9 Vehicles and Parking

(a) Limitations of Types of Vehicles.

(i) Recreational Vehicle. No trailer, motor home, recreational vehicle, camper, or boat shall be parked, kept or permitted to remain within the Development unless placed or maintained completely within an enclosed garage or in an appropriately fenced yard.

(ii) Commercial Vehicle. No truck, van or commercial vehicle shall be permitted within the Development except for such limited times as are necessary for deliveries, the performance of maintenance, repair and replacement of Improvements within the Development and other similar situations. The term "truck, van or commercial vehicles" shall not include sedans or standard size pickup trucks, and vans which are used for both business and personal uses, providing that any signs or marking of a commercial nature on such vehicles shall be unobtrusive and inoffensive.

(b) Conditions of Vehicles. No unreasonably noisy vehicles and no vehicles (including, without limitation, scooters, motorcycles or other motorized devices) emitting foul smelling or offensive exhaust fumes shall be operated within the Development. No dilapidated, unsightly, inoperable, or abandoned vehicle shall be parked, kept or permitted to remain upon any area within the Development unless completely enclosed within a garage. Each vehicle operated or located within the Development shall maintain current registration which permits the vehicle to be legally operated on public streets.

(c) No Vehicle Repair. No vehicle maintenance, or repairs of any kind may be made to vehicles within the Development except (i) such emergency repairs as are necessary to remove the vehicle from the Development, or (ii) within an enclosed garage.

(d) Parking of Vehicles Within a Lot. Vehicles of Residents may only be parked wholly within the garage located on such Owner's Lot (if any), wholly within the driveway of the Resident's Lot (if any), or wholly within any leased private space engaged for parking or storage of vehicles.

(e) No Parking Areas. Vehicles shall not be parked where "no parking" sign are posted, including in alleys, fire lanes, utility rights of way, bus routes, street crossing, etc.

#### 2.10 Garages

(a) Storage. Each Owner whose Lot includes or shares a garage shall keep his or her garage in a neat, orderly, sanitary, and safe condition, and shall be available for automobile parking at all times. Storage within a garage shall be incidental to automobile parking.

(b) No Remodeling. No garage shall be remodeled or used as a workshop, storage space, hobby facility or for any other use or facility which would interfere with the ability of the Owner of the Lot to accommodate the number of full-sized passenger vehicles which the garage would normally be, or was originally, designed to accommodate. In no event shall any garage be converted to or used as a living area or for any commercial or business purpose. Notwithstanding any other provision of law, no garage or outbuilding within the development shall be used for the cultivation, growing, production, manufacturing or sale of marijuana, its byproducts or derivative substances.

2.11 Compliance with Laws. Nothing shall be done or kept anywhere within the Development which violates any local, state or Federal law, ordinance, statute, rule or regulation.

2.12 Animals. Except as otherwise provided in this Section, no livestock, reptiles, insects, poultry, or other animals of any kind shall be raised, bred, or kept on any Lot or within any Residence. The following pets may be maintained on Lots or within Residences:

(a) Dogs/Cats. Up to a total of two (2) domestic dogs and/or cats, provided that no dog which is one-quarter or more Rottweiler or Staffordshire Bull Terrier (i.e. Pit Bull) shall be brought into, kept or otherwise maintained within the Development.

(b) Indoor Animals. Residents may maintain domesticated caged birds, fish in an aquarium and other small household pets maintained entirely within a Residence.

(c) Walking Dogs. Any dog brought or maintained within the Development must be either kept within an enclosure or on a leash being held by a person capable of controlling the animal. Each Owner shall clean up or remove any excrement or other unsanitary conditions caused by such Owner's authorized animals on any portion of the Development.

2.13 Rental of Lots. An Owner shall have the right to rent his or her Lot subject to the provisions of the Governing Documents, including without limitation the following specific requirements:

(a) Lease Term. The lease or rental shall be for a period of at least sixty (60) days.

(b) Owner Responsibility. Any lease or rental shall be by written agreement which shall expressly provide that the tenancy is subject to the terms of this Declaration and that any failure of the tenant to comply with the terms of this Declaration, including without limitation, any restrictions on the use of Lots, shall constitute a default under the lease or rental agreement.

(c) Requirement of Inclusive Rental Agreement. No Owner may rent or hire any garage, accessory building, or similar improvement to anyone who does not have the right of possession of the entirety of the Residence on the Lot, if any.

2.14 Porch Use, Storage and Clotheslines. No indoor furniture, household storage items, boxes, containers, or trash shall be placed or maintained within a porch or deck area or elsewhere outside of a Residence. No exterior clotheslines or other outside clothes drying or airing facility shall be erected or maintained upon any Lot, except below the fence line.

2.15 Mailboxes and Exterior Newspaper Tubes. Except for the cluster-styled, grouped mailboxes which are the official mail receptacles for the Lots, no newspaper tubes or mailboxes shall be erected or maintained within the Development.

2.16 Activities Affecting Insurance. Nothing shall be done or kept within the Development which will increase the rate of insurance for any other Owner. No Owner shall permit anything to be done or kept within the Development which would result in cancellation of any insurance policy maintained by any other Owner.

2.17. Drainage Patterns. Except as approved by the Humboldt County Dept of Public Works (Co DPW), there shall be no interference with the natural or established drainage systems or patterns within the Development.

2.18 Family Day Care Centers. No family day care center shall be permitted within the residential zoned areas of the Development except as specifically provided by California Health and Safety Code Section 1597.40 and other applicable statutes. The owner/operator of any permitted day care facility shall comply with all local and state laws regarding the licensing and operation of a day care center and shall supervise and be completely responsible at all times

for all persons for whom day care services are provided while such persons are within the Development.

2.19 Community Care Facilities. Except for residential facilities defined as community care facilities under Health & Safety Code Section 1502, no health care facilities operating as a business or charity shall be permitted in residential zoned areas of the Development. The owner/operator of any permitted community care facility shall comply with all local and state laws regarding the licensing and operation of a community care facility and shall supervise and be completely responsible at all times for all persons for whom community care services are provided while such persons are within the Development.

### **ARTICLE 3                    ALTERATIONS TO LOTS/RESIDENCES AND DISCLOSURES**

3.1 Approval by Humboldt County Building and Planning Dept. Except for Improvements constructed or installed by Declarant, no building, fence, wall or other structure, Development or Improvement shall be erected, altered or place on any Lot until building plans, specifications and a plot plan showing the location of structures on the Lots have been submitted to the Humboldt County Building and Planning Dept. for review and approval as described in Article 5, below.

3.2 Drainage. No Owner shall do any work, construct any Improvement, place any landscaping or suffer the existence of any condition whatsoever which shall alter or interfere with the drainage pattern for the Owner's or any upstream, downstream or adjacent Lots, or lots as established in connection with the approval of the final or partial final Subdivision Map applicable to the Development, except to the extent such alteration in drainage pattern is permitted and approved in writing by the County Building, Planning or Public Works departments, as appropriate.

3.3 Photovoltaic Reception. By acceptance of a deed, all persons acquiring an ownership interest in a Lot within the Development acknowledge and agree to allow any landscaping, including trees, to interfere with the reception of any photovoltaic systems located within the Development.

3.4 Exterior Lighting and Fixtures. Except for pre-existing fixtures and equipment, all exterior light fixtures shall comply with the County Zoning Ordinance and shall be shielded downward to prevent the light source or lens from being visible from adjacent properties, roadway, and the night sky. The use of high pressure sodium or mercury vapor fixtures, spot lights and floodlights, is prohibited. All future construction plans shall include a lighting detail that depicts the installation of light fixtures.

3.5 Architectural Guidelines. All future construction or exterior development shall be consistent and in conformance with any duly adopted Architectural Guidelines approved by the County and applied or required as described in Article 5, below.

3.6 Notice of Agricultural Operations. The Lots within the Development are located near existing agricultural operations. Residents may be subject to customary and accepted

farming and forestry practices, which may include noise and vehicular traffic associated with sawmill operations and the operation of a power plant and the application and use of various chemicals through spraying, spreading or other customary means in accordance with applicable state and federal regulations regarding such applications. The Owners and Residents acknowledge the need to avoid activities that conflict with nearby farm and forestry uses.

#### **ARTICLE 4                    MAINTENANCE OF PROPERTY**

4.1     Owners' Responsibilities. Each Owner shall be solely and exclusively responsible for the maintenance, repair and replacement of his or her Lot and all Improvements thereon, and shall keep the same in good and attractive condition and repair. Each Owner's obligations shall include, without limitation, the following:

(a)     Residence and Other Improvements. Each Owner shall maintain, in good and attractive condition and repair, the Residence and other buildings and Improvements located on his or her Lot. The garage door for the garage of the Residence, if any, shall be maintained in good condition, appearance and repair. Owners shall be responsible for maintaining the aesthetic appearance of his or her Residence, including periodic repainting of the Residence and shall promptly repair or repaint any chipped or cracked painted surfaces that are visible from adjacent Lots or the street.

(b)     Landscaping. Each Owner shall maintain the landscaping on his or her Lot in a neat and attractive condition, including, but not limited to, the weekly or bi-monthly mowing of lawns as seasonally appropriate. An Owner shall have two weeks to remove and replace any dead grass, shrubs, or other landscaping within the Owner's Lot.

(c)     Fences. Each Owner shall maintain, repair and replace all fences, rock walls, and party walls in accordance with the following provisions:

(i)     General Rules of Law to Apply. Each fence and wall placed on the dividing lot line between two (2) Lots shall constitute a party wall. The general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(ii)    Sharing of Repair and Maintenance. The cost of maintenance, repair and replacement of a fence or party wall when needed shall be equally shared by the Owners who make use of the fence or wall without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

(iii)   Material and Appearance. Replacement fencing shall be of the same material and appearance to match existing fencing.

(d)     Utility Connections. Utility lines and connections, including without limitation, water, sewer, electrical, cable television, telephone and gas lines, which are

located on, under, or over any Lot and which provide service to the Residence or other Improvements located upon such Lot, shall be maintained, repaired and replaced by the Owner of such Lot or by the utility company providing such service.

4.2 Compliance with Architectural Provisions. An Owner's right and responsibility for maintaining, repairing or replacing any portions of his or her Lot, including landscaping, shall be subject to any applicable provisions of state or local law and the Governing Documents, including Humboldt County Design Control Combining Zone designations and zoning regulations.

## **ARTICLE 5           ARCHITECTURAL CONTROL**

5.1 Submission of Plans and Specifications. Except for Improvements made or constructed by or on behalf of the Declarant, no Improvements including without limitation landscaping, Residences, buildings, fences, walls, obstructions, balconies, screens, patio covers, awnings, or other structures of any kind, shall be commenced, located, erected, painted, or maintained within the Development, nor shall any exterior addition to or change or alteration therein be made, until the plans and specifications showing the nature, kind, shape, color, height, size, materials, and location of the same shall have been submitted to and approved in writing by the Humboldt County Building and Planning Departments in accord with those safeguards and controls specifically applicable to Scotia at Humboldt County zoning regulations Section 314 – 19.1.9 et seq. These provisions and conditions governing development in Scotia preserve and enhance architectural, scenic, civic and cultural aspects of the Scotia Development and operate in lieu of a resident or owner architectural review committee.

## **ARTICLE 6           EASEMENTS**

6.1 Easements in General. In addition to all easements reserved and granted on the Subdivision Map, there are hereby specifically acknowledged, reserved and granted for the benefit of the Lots and the Owners in common and for each Lot and Owner severally, as their respective interests shall exist, the easements and rights of way as particularly indentified in this Article.

6.2 Utility Maintenance and Repair Easements. Wherever sanitary sewer connections or water connections or electricity, gas or telephone, television lines or drainage facilities area installed within the Development, which connections, lines or facilities, or any portion thereof, lie in or upon Lots owned by other than the Owner of the Lot served by said connections, the Owners of any Lots served by said connections, lines, or facilities shall have the right, and are hereby granted an easement to the full extent necessary therefore, to enter such Lots or to have utility companies enter therein, or any portion thereof, to repair, replace and generally maintain said connections as and when the same may be necessary. Wherever sanitary sewer house connections and/or water residence connections or electricity, gas or telephone lines or drainage facilities are installed within the Development, which connections serve more than one (1) Lot, the Owner of each Lot served by said connections shall be entitled to the full use and enjoyment of such portions of said connections as service his Lot. All utility companies having easements

on the property covered by this Declaration shall have easements for cleaning, repairing, replacing, and otherwise maintaining or causing to be maintained service in all underground utility lines, including, when reasonably necessary, the entry into an Improvement constructed upon a Lot for uncovering any such lines. Any Owner or utility company exercising the rights granted in this Section shall be obligated to restore the Lot and the Residence entered to substantially its former condition.

6.3 Encroachment Easements. Each Lot within the Development is hereby declared to have an easement over all adjoining Lots for the purpose of accommodating any minor encroachment due to engineering errors, errors in original construction, settlement or shifting of structures, or any other similar cause. There shall be valid easements for the maintenance of such encroachments as long as they shall exist. Notwithstanding the preceding, in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if such encroachment occurred due to the willful misconduct of such Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots shall be permitted and that there shall be valid easements for the maintenance of such encroachments so long as they shall exist.

6.4 Easements Reserved and Granted. Any and all easements referred to herein shall be deemed reserved or granted, or both reserved and granted, as appropriate, by reference to this Declaration in a deed to any Lot.

## **ARTICLE 7                    ENFORCEMENT**

7.1 Violations as Nuisance. Every act or omission constituting or resulting in a violation of any of the provisions of the Governing Documents shall be deemed to constitute a nuisance.

7.2 Violation of Law. Any violation of a state, municipal or local law, ordinance or regulation pertaining to the ownership, occupancy, or use of any property within the Development is hereby declared to be a violation of this Declaration and subject to any and all of the enforcement procedures set forth herein.

7.3 Owners' Responsibility for Conduct and Damages. Each Owner shall be fully responsible for informing members of his or her household and his or her tenants, contractors and guests of the provision of the Governing Documents, and shall be fully responsible for the conduct, activities, any Governing Document violation of any of them, and for any damage to the Development resulting from the negligent or intentional conduct of any of them or any household pets. If a Lot is owned jointly by two (2) or more persons, the liability of each Owner in connection with the obligations imposed by the Governing Documents shall be joint and several.

7.4 No Avoidance. No Owner may avoid the burdens or obligations imposed by the Governing Documents through non-use of or by abandonment of his or her Lot.

7.5 Non-Waiver. Failure to enforce any provision of the Governing Documents at any time shall not be deemed a waiver of the right to do so thereafter with respect to the same or any other violation of any provision of the Governing Documents.

7.6 Notices. Any notices required or given under this Article shall, at a minimum, set forth the date, time, and location of any hearing or proceeding, a Brief description of the act or omission constituting the alleged violation of the Governing Documents, a reference to the specific Governing Document provision or provisions alleged to have been violated, and the remedy, sanction, action, relief or other enforcement action being sought or contemplated if any. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice to the affected Owner; provided, however, that if notice is given by mail, it shall be sent by first-class mail, postage prepaid, sent to the most recent address for the affected Owner as shown on the records of the Scotia Community Services District otherwise to the physical street address of the Owner's Lot and Residence.

7.7 Costs and Attorneys' Fees. If an action is instituted in a court of competent jurisdiction to enforce any of the covenants, conditions, restrictions, or easements contained in this Declaration, the party against whom the judgment, decree, order or declaration is judgments due and owing may be secured by judgment lien.

7.8 Owner Indemnification. Each Owner, by acceptance of his or her deed, agrees for himself or herself and for the members of his or her household, tenants, guests or invitees, to (i) indemnify each and every other Owner for, (ii) to hold each and every other Owner harmless from, and (iii) to defend each and every other Owner against, any claim of any person for personal injury or property damage occurring within the Lot of such Owner, except that such Owner's liability may be diminished to the extent that the injury or damage occurred by reason of the negligence of any other Owner or person temporarily visiting in such Lot or is fully covered by insurance.

## **ARTICLE 8                    PROTECTION OF MORTGAGEES**

8.1 Amendments Affecting Mortgages. No amendment of this Declaration shall affect any of the rights of the holder of any Mortgage which is made in good faith and for value, without the written consent of the holder of such Mortgage.

8.2 Breach; Obligation After Foreclosure. No breach of any provision of this Declaration by Declarant, or any Owner shall impair or invalidate the lien of any recorded Mortgage made in good faith and for value and encumbering any Lot. Declarant, Owners, and their successors and assigns, shall be obligated to abide by all of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes provided for in this Declaration with respect to any person who acquires title to or any beneficial interest in any Lot through foreclosure, trustee's sale or otherwise.



## ARTICLE 9

## DECLARANT'S DEVELOPMENT RIGHT

9.1 Declarant's Right to Develop the Development. The Owners shall not do anything to interfere with the right of Declarant to subdivide, sell, or rent any portion of the Development, or the right of Declarant to complete excavation, grading, construction of Improvement or other development activities to and on any portion of Development or to alter the foregoing and its construction plans and designs, or to construct such additional Improvements as Declarant deems advisable in the course of development of the Development so long as any Lot or any portion of the Development is owned by Declarant. Each Owner, by accepting a deed to a Lot, hereby acknowledges that any construction or installation by Declarant may impair the view of such Owner, and hereby consents to such impairment.

9.2 Amendment of Development Plans. Declarant may amend its plans for the Development and apply for changes in zoning, use and use permits, for any property within the Development.

9.3 Disclaimer of Declarant's Representations. Anything to the contrary in this Declaration notwithstanding, and except as otherwise may be expressly set forth in a Recorded instrument with the Humboldt County Recorder, Declarant makes no warranties or representations whatsoever that the plans presently envisioned for the complete development of the Development will be carried out, or that any land now controlled or owned or hereafter controlled or acquired by Declarant is or will be subjected to this Declaration, or that any such land (whether or not it has been subjected to this Declaration) is or will be committed to or developed for a particular (or any) use, or that if such land is once used for a particular use, such use will continue in effect.

9.4 No Amendment or Repeal. Until 2025, the provision of this Article may not be amended or repealed without the consent of Declarant.

## ARTICLE 10

## AMENDMENT

10.1 Owner Consent for Amendments. The Owners of sixty-six and two-thirds percent (66 2/3%) of the Lots by execution and Recording of a written instrument may at any time determine to amend, revoke or cancel all or any part of this Declaration.

10.2 Procedures for Amendments. Any proposed amendment or modification of this Declaration must be provided in writing to all Owners at least thirty (30) days prior to the solicitation of any approval of the amendment or modification by the proponent(s) thereof and such proponents must be Owners who are identified by name and street address in the solicitation materials accompanying any amendment or modification ballot or instrument. Once a period of thirty (30) days has elapsed from the provision of a copy of the amendment proposal to each Owner, all Owners shall be given a written ballot which shall afford the opportunity to vote either for or against the amendment proposal. The ballot or the solicitation materials accompanying the ballot shall state the period of time allotted for the return of ballots which shall not be less than thirty (30) days nor more than sixty (60) days, unless affirmative votes are received from seventy-five percent (75) or more of the Owners in less than thirty (30) days, in

which case the balloting can be ended and the results of the balloting shall be communicated in writing to all Owners. Any amendment duly approved as provided by this Section shall be executed by the Owners of at least two (2) Lots and shall be effective upon being Recorded. Notwithstanding the foregoing, for so long as Declarant owns any Lots within the Development, any amendment of this Declaration shall also require the written consent of Declarant. In making a determination to amend, revoke or cancel all or any part of this Declaration, each Owner shall be entitled to one (1) vote for each Lot owned and if any Lot is owned by more than one person, the vote of such Lot shall be cast as such persons, among themselves determine.

## **ARTICLE 11                    GENERAL PROVISIONS**

11.1    Term. This Declaration continues in full force and effect unless an amendment terminating this Declaration is unanimously approved and Recorded in accordance with Article 10, above.

11.2    Annexation of Additional Property. The Owners of any real property which are not signatories of this Declaration when this Declaration is first Recorded may consent to and join this Declaration by executing and recording a "Declaration of Annexation," referencing the Recording information of this Declaration, and titled and containing provisions to permit Recording. The real property subject to the Declaration of Annexation shall be referred to as "Additional Properties." Such consenting Owners, and all lots and parcels within the Additional Properties, shall thereafter have the same rights and obligations as if such Owners, and their Lots, had consented to and joined in the execution of such Declaration and all provisions contained in this Declaration shall apply to the real property described in such Declaration of Annexation in the same manner as if it were originally covered by his Declaration.

11.3    Individual Owner's Property Insurance. Each Owner shall be solely responsible for insuring all of his or her Residence and other Improvements on the Owner's Lot, including, without limitation, the structural portions of such Residence, against loss or damage by fire or other casualty. Each Owner shall also be solely responsible for obtaining adequate comprehensive public liability insurance, including medical payments and malicious mischief, insuring against liability for bodily injury, death, and property damage arising from his or her activities on any Lot within the Development.

11.4    Damage to or Destruction of Improvements on Lots. In the event of damage to or destruction of the Improvements on any Lot, the Owner of such Lot shall (i) completely repair or rebuild the Improvements to the same state as they existed prior to such damage or destruction or in any other manner approved by the Humboldt County Building and Planning Departments in accord with County Zoning Regulations applicable to Scotia particularly at Sections 314 – 19.1.9 et seq. in accordance with Article 5 of this Declaration, or, also by special permit in accord with Article 5, (ii) completely remove all remaining portions of such damaged or destroyed Improvements. Such repair, rebuilding, or removal shall be commenced within a reasonable time, which shall in no event exceed one (1) year after the occurrence of the damage or destruction and shall be completed within one (1) year after the date of commencement.

11.5 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision hereof shall not invalidate any other provisions hereof.

11.6 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of fostering a plan of community ownership and occupancy and of management of the Development for the benefit of the community.

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**DECLARANT**

**TOWN OF SCOTIA COMPANY, LLC**  
**a Delaware limited liability company**

**Dated:** \_\_\_\_\_, 2014

**By:** \_\_\_\_\_

STATE OF CALIFORNIA

COUNTY OF

On, \_\_\_\_\_, 2014, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_ 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 persons(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

## **EXHIBIT "A"**

### **LEGAL DESCRIPTION OF THE DEVELOPMENT**

**All** of the real property located in unincorporated area of Humboldt County, State of California, which is more particularly described as follows:

[NEED LEGAL DESCRIPTIN OF THE RESIDENTIAL ZONED LOTS.]

# Monthly Interim General Manager's Report

December 18, 2014



## Monthly Manager's Report Regular Meeting

**Date:** December 18, 2014

**To:** Board of Directors, SCSD

**From:** Mark Richardson, Interim General Manager

**General:** This report is a general update for the Board from the IGM. I will touch on routine and specific topics for information purposes. None of the items discussed in this report require board action at this time.

**First and foremost:** All actions by the SCSD shall be by ordinance (rules and regulations), resolution or motion. No other actions, discussions or decisions by the board have legal status.

### **IGM/Board Correspondence and outreach:**

**FYI** - Routine phone call with the Regional Water Quality Control Board - North Coast Region. General discussion regarding transfer of ownership requirements from the TOS to the SCSD and current status of NPDES permit.

**FYI** - Brochure (in board packet) on Free California Drinking Water Workshops for January-June 2015. California Water Boards in partnership with the Rural Community Assistance Corporation (RCAC) A series of On-line Board Member Workshops and Classroom Workshops on Operations and Regulatory Issues.

**FYI** - (Email Correspondence - Bd Packet) The State of California has submitted a **"DRAFT Safe Drinking Water Plan for California"**. Attached in the board packet are comment letters from the California Association of Mutual Water Companies and a joint letter from the California-Nevada Section of the American Water Works Association; Association of California Water Agencies; California Water Association and the California Municipal Utilities Association.

**FYI** - Town of Scotia Company, LLC - **"Draft Declaration of Covenants, Conditions & Restrictions For Town of Scotia Subdivision Phase I."** This is the draft CC&R document for the pending subdivision of the properties of Scotia. Frank Bacik has requested the Board to review and comment on the draft document.

**Accounting:** I have met with both the local Scotia branch and Fortuna branch of the US Bank- to initiate a bank account for the SCSD. US Bank has a government account section, and the bank will prepare documentation to open an account when the Board has assigned the signatory roles.

Pursuant to our approved By-Laws, Article 6 section 6.1 Deposit of District Money and section 6. 4 Checks, Drafts, Etc, The SCSD shall open an account and have authorized the signatory to be the Board President and/or General Manager and one additional Board Member. *At this time, because the Interim General Manager is employed by the TOS, the signatory for the General Manager will be postponed until such time as the SCSD hires a permanent General Manager.*

The US Bank will require the two signatory Board members to be present at the bank when the account is opened. We can schedule this sometime in January 2015.

A draft set of policy and procedures is under development for our entire financial management system. I'll be consulting with our CPA on finalizing a draft of the Financial Policy and Procedures as we approach our first year budget. Anticipation for draft review by February 2015.

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**Water System Status:** As a requirement for a change in ownership for the drinking water services and facilities, both Federal EPA and the State Water Boards (former Dept of Public Health) require that a "Technical, Managerial and Financial" (TMF) study be completed addressing the following specific elements:

**Technical -**

- Consolidation Feasibility
- System Description
- Certified Operators
- Operations Plans
- Source Capacity
- Training

**Managerial -**

- Ownership
- Water Rights
- Organization
- Emergency Response Plan
- Policies

**Financial -**

- Budget Projection/Capital Improvement Plans
- Budget Controls

I've begun the process of gathering existing data and information to address each of these elements. Prior to the State Water Board granting a change of ownership, this TMF report will be required and must be approved by the state. Each element has specific requirements and timing for implementation. The state may grant additional time to



comply with some of the elements, while other elements will need to be verified prior to the change in ownership.

**Water Distribution:** System is undergoing improvements in Phase 1 of the TOS project. TOS and our SCSD will report on the progress from time to time. TOS is planning to complete Phase I in the spring of 2015.

**Classroom training:** Two workshops (free) are scheduled in the Humboldt and Del Norte County area. On January 15, 2015 at the Fortuna River Lodge is a classroom all day workshop: "**Water System Distribution Basics**". This is an operations based workshop

Second workshop is in Crescent City on January 14, 2015: "**The Drinking Water Sample: A Comprehensive Approach**." This workshop presents the many responsibilities of the SDWA compliance monitoring and site sampling plans.

**Wastewater System:** The wastewater treatment facilities are aging and the condition of the facilities have lead to several breakdowns in the operations. The raw sewage lift pump and valve's were down for several days while the original check valves were replaced. This is a confined space entry and the TOS crews, in cooperation with O&M Maintenance Company were able to replace the two valves and put the system back into operation. The system is now discharging treated wastewater, via the log pond, to the Eel River at a rate of less than 1% of the daily flow of the river.

**Storm Water Management:** The Storm water system is being upgraded. Phase 1 of TOS development is nearing completion. The improved drainage system should greatly improve drainage from HY 101, the School, and Church, Mill and Eddy Streets, along with improvements on B street. One of several storm water outfalls has been repaired by TOS, under direction of the County Public Works. A second storm water outlet system has eroded and will require repairs. This is directly behind Mill A, along the train right-of-way.

**Fire Department Status:** Fire Chief issues quarterly reports.

**Parks & Recreation :** This section will deal with the various properties identified as part of our Parks & Recreation Department. This includes the following facilities and properties:

**Winema Theater -**

**Scotia Museum - Closed for Winter. Open on request.**

**Scotia Museum Park - Train locomotive and artifacts from logging.**

**Community Forest - 22+ acres of riparian habitat from Fireman's Park to the Scotia/Rio Dell bridge along the Eel River.**

**Soccer Field -**

**Carpenter Field - baseball**

**Fireman's Park - Barbecue and picnic grounds**