

JANUARY 26, 2022

ITEM E-1

ATTACHMENT 6

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY \_\_, 2022****NEW ISSUE — BOOK-ENTRY ONLY****RATING: S&P “\_”**  
(See “RATING” herein)

*In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Special Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance with certain covenants in the documents pertaining to the Certificates and requirements of the Internal Revenue Code of 1986, as described herein, the portion of each Installment Payment representing interest and distributed in respect of any Certificate is excluded from the gross income of the owners thereof for federal income tax purposes. In the further opinion of Special Counsel, the portion of each Installment Payment representing interest and distributed in respect of any Certificate is not an item of tax preference for purposes of the federal alternative minimum tax. Special Counsel is also of the opinion that, under existing law, the portion of each Installment Payment representing interest and distributed in respect of any Certificate is exempt from personal income taxes of the State of California. See “TAX MATTERS” herein.*



**[\$[principal amount]\***  
**WASTEWATER REVENUE CERTIFICATES OF PARTICIPATION**  
**Series 2022**  
**Evidencing the Direct, Undivided Fractional**  
**Interest of the Owners Thereof in**  
**Installment Payments to Be Made by the**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**as the Purchase Price for Certain Property Pursuant to an**  
**Installment Purchase Agreement with the**  
**NIPOMO COMMUNITY SERVICES DISTRICT PUBLIC**  
**FACILITIES CORPORATION**

**Dated: Date of Delivery****Due: June 1, as shown on inside cover page**

The Wastewater Revenue Certificates of Participation (Southland Wastewater Project) Series 2022 (the “Certificates”) are certificates of participation that evidence direct, fractional undivided interests of the Owners thereof in certain installment payments (the “Installment Payments”), and the interest thereon, to be made by the Nipomo Community Services District (the “District”) pursuant to the Installment Purchase Agreement, dated as of March 1, 2022 (the “Installment Purchase Agreement”), by and between the District and the Nipomo Community Services District Public Facilities Corporation (the “Corporation”). Pursuant to the Trust Agreement, dated as March 1, 2022 (the “Trust Agreement”), by and among the District, the Corporation, and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), the District has established conditions and terms upon which obligations such as the Installment Payments, and the interest thereon, will be incurred and secured and pursuant to which the Certificates are executed and delivered. Installment Payments under the Installment Purchase Agreement are payable solely from Net Revenues (as more fully described in the Trust Agreement, the “Net Revenues”) as provided in the Installment Purchase Agreement, consisting primarily of all income and revenue received by the District from the operation or ownership of the Town Division Wastewater System of the District (the “Enterprise”) remaining after payment of Operation and Maintenance Expenses, as further described in “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES” herein. The Installment Purchase Agreement provides that the obligation of the District to pay the Installment Payments, and payments of interest thereon, and certain other payments required to be made in accordance with the Installment Purchase Agreement, solely from Net Revenues, is absolute and unconditional. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES” herein.

Interest evidenced by the Certificates will be payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2022. See “THE CERTIFICATES” herein. The Certificates initially will be delivered only in book-entry form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Certificates. Individual purchases of the Certificates will be made in book-entry form only. Purchasers of Certificates will not receive physical certificates representing their ownership interests in the Certificates purchased. The Certificates will be delivered in denominations of \$5,000 and any integral multiple thereof. Payments of principal and interest evidenced by the Certificates are payable directly to DTC by the Trustee. Upon receipt of payments of such principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Certificates. See APPENDIX F — “BOOK-ENTRY SYSTEM” herein.

**The Certificates are subject to prepayment prior to maturity, as more fully described herein.**

The proceeds of the Certificates will be used to (i) prepay all of the District’s Revenue Certificates of Participation (Southland Wastewater Project), Series 2012, currently outstanding in the aggregate principal amount of \$8,325,000 (the “Prior Obligations”), (ii) fund a portion of the costs of certain capital improvements to the Enterprise, and (iii) pay the costs of issuance relating to the execution and delivery of the Certificates. The right of the Corporation to receive Installment Payments from the District under the Installment Purchase Agreement will be assigned to the Trustee. The Certificates are payable solely from Installment Payments to be made by the District under the Installment Purchase Agreement. The Installment Payments are special limited obligations of the District payable solely from, and secured by separate pledges of and first liens on the Net Revenues, as defined herein, of the Enterprise.

The District may incur additional obligations that have a parity claim on Net Revenues as set forth in the Installment Purchase Agreement. See “SECURITY AND SOURCE OF REPAYMENT – Parity Obligations” herein.

THE OBLIGATION OF THE DISTRICT TO PAY THE INSTALLMENT PAYMENTS, AND THE INTEREST THEREON, AND OTHER PAYMENTS REQUIRED TO BE MADE BY IT UNDER THE INSTALLMENT PURCHASE AGREEMENT IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE, IN THE MANNER PROVIDED IN THE INSTALLMENT PURCHASE AGREEMENT, SOLELY FROM NET REVENUES AND OTHER FUNDS PROVIDED FOR IN THE INSTALLMENT PURCHASE AGREEMENT, AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR OF THE STATE OF CALIFORNIA, OR OF ANY POLITICAL SUBDIVISION THEREOF, IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE INSTALLMENT PAYMENTS, OR THE INTEREST THEREON, OR OTHER PAYMENTS REQUIRED TO BE MADE UNDER THE INSTALLMENT PURCHASE

\* Preliminary, subject to change.

AGREEMENT. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES" HEREIN.

This cover page is not a summary of the issues. Investors should read the entire Official Statement to make an informed investment decision. See "RISK FACTORS" for a discussion of factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Certificates.

*BIDS FOR THE PURCHASE OF THE CERTIFICATES WILL BE RECEIVED BY THE DISTRICT  
UNTIL 8:00 A.M. PACIFIC STANDARD TIME ON FEBRUARY \_\_, 2022 UNLESS POSTPONED OR CANCELLED  
AS SET FORTH IN THE OFFICIAL NOTICE INVITING BIDS.*

*The Certificates are offered when, as and if executed and delivered and received by \_\_\_\_\_, Initial Purchaser, subject to the approval of Norton Rose Fulbright US LLP, Los Angeles, California, Special Counsel and Disclosure Counsel to the District, and certain other conditions. Certain legal matters will be passed upon for the District and the Corporation by Richards, Watson & Gershon, A Professional Corporation, San Luis Obispo, California. Columbia Capital Management, LLC, Carlsbad, California, has served as municipal advisor to the District in connection with the execution and delivery of the Certificates. It is anticipated that the Certificates in definitive form will be available for delivery through the book-entry facilities of DTC on or about March \_\_1, 2022.*

Dated: February \_\_, 2022

\$[principal amount]\*  
**WASTEWATER REVENUE CERTIFICATES OF PARTICIPATION  
 SERIES 2022**

**MATURITY SCHEDULE**

**BASE CUSIP†: 654536**

\$ \_\_\_\_\_ Serial Certificates

<b>Maturity Date (June 1)</b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP<sup>(1)</sup></u></b>
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\$ _____	% Term Certificate due _____	1, 20__	Yield _____	%* CUSIP <sup>(1)</sup> _____
\$ _____	% Term Certificate due _____	1, 20__	Yield _____	%* CUSIP <sup>(1)</sup> _____

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*† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright © 2021 CUSIP Global Services. All rights reserved. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the registered owners of the Certificates. None of the District, the Initial Purchaser or the Municipal Advisor are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Certificates or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Certificates as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance and other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Certificates.*

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\* Preliminary, subject to change.



***NIPOMO COMMUNITY SERVICES DISTRICT/  
NIPOMO COMMUNITY SERVICES DISTRICT PUBLIC FACILITIES  
CORPORATION***

**DISTRICT/CORPORATION BOARD**

Ed Eby, President  
Dan Allen Gaddis, Vice-President  
Dan Woodson, Director  
Richard Malvarose, Director  
Craig Armstrong, Director

**DISTRICT/CORPORATION**

Mario Iglesias, General Manager, Treasurer & Secretary/Executive Director,  
Chief Financial Officer & Secretary  
Lisa Bognuda, Finance Director  
Peter Sevcik, District Director of Engineering and Operations  
Craig A. Steele, District Counsel

**SPECIAL SERVICES**

**Special Counsel and Disclosure Counsel**

Norton Rose Fulbright US LLP  
Los Angeles, California

**Municipal Advisor**

Columbia Capital Management, LLC  
Carlsbad, California

**Trustee**

The Bank of New York Mellon Trust Company, N.A.  
Los Angeles, California

**NIPOMO COMMUNITY SERVICES DISTRICT  
VICINITY MAP**



## **GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT**

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Certificates by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been provided by the Nipomo Community Services District (the "District") and other sources that are believed by the District to be reliable. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the District, the Corporation or the Initial Purchaser in connection with any reoffering.

This Official Statement is not to be construed as a contract with the purchasers of the Certificates. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the Corporation since the date hereof. This Official Statement is submitted with respect to the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the District. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the District and the Corporation.

In connection with the offering of the Certificates, the Initial Purchaser in connection with any reoffering may over-allot or effect transactions which stabilize or maintain the market price of the Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Initial Purchaser in connection with any reoffering may offer and sell the Certificates to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Initial Purchaser.

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

**THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE DISTRICT FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.**

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## OFFICIAL STATEMENT

**[\$principal amount]\***  
**WASTEWATER REVENUE CERTIFICATES OF PARTICIPATION**  
**SERIES 2022**  
**Evidencing the Direct, Undivided Fractional**  
**Interest of the Owners Thereof in**  
**Installment Payments to Be Made by the**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**as the Purchase Price for Certain Property Pursuant to an**  
**Installment Purchase Agreement with the**  
**NIPOMO COMMUNITY SERVICES DISTRICT PUBLIC FACILITIES CORPORATION**

### INTRODUCTION

*This introduction contains only a brief summary of certain of the terms of the Certificates being offered and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California (the "State") and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Trust Agreement and the Installment Purchase Agreement (each, as hereinafter defined). See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Definitions" herein.*

#### **General**

This Official Statement, including its cover page and appendices, is provided in connection with the offering of [\$principal amount]\* principal amount of Wastewater Revenue Certificates of Participation, Series 2022 (the "Certificates"). The Certificates represent direct, undivided fractional interests of the registered owners thereof in the Installment Payments (the "Installment Payments") to be made by the Nipomo Community Services District (the "District") pursuant to an Installment Purchase Agreement, dated as of March 1, 2022 (the "Installment Purchase Agreement"), by and between the District and the Nipomo Community Services District Public Facilities Corporation (the "Corporation"), relating to the District's Town Division wastewater system as described herein.

The District currently owns and operates two (2) separate and distinct wastewater systems, Town Division system and Blacklake Division system. The Town Division system (hereinafter, the "Enterprise") is the subject of this financing. The proceeds of the Certificates will be used to (i) prepay all of the District's Revenue Certificates of Participation (Southland Wastewater Project), Series 2012, currently outstanding in the aggregate principal amount of \$8,325,000 (the "Prior Obligations"), (ii) fund a portion of the costs of certain capital improvements to the Enterprise, and (iii) pay the costs of issuance relating to the execution and delivery of the Certificates. See "FINANCING PLAN."

The Certificates are executed and delivered pursuant to a Trust Agreement, dated as of March 1, 2022 (the "Trust Agreement"), among the District, the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Certificates will be executed and delivered in the form of fully registered certificates of participation, dated as of the date of initial delivery thereof and will mature on December 1 in each such year as set forth on the inside cover page hereof. Interest evidenced by the Certificates will be payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2022. See "THE CERTIFICATES" herein. The Certificates initially will be delivered only in book-entry form and will be

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\* Preliminary, subject to change.

registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Certificates. The Certificates will be delivered in denominations of \$5,000 and any integral multiple thereof. So long as the Certificates are in the DTC book-entry system, the interest, principal, purchase price and prepayment premiums, if any, due with respect to the Certificates will be payable by the Trustee, or its agent, to DTC or its nominee. DTC, in turn, will make payments pursuant to its procedures as described under APPENDIX F – “BOOK-ENTRY SYSTEM” herein.

### **The District**

The District was formed in 1965 as a community services district under the Community Services District Law, found in the Government Code of the State of California, for purposes of supplying water for domestic irrigation, sanitation, industrial, commercial, recreation and fire suppression use. The District is located off of Highway 101 on the central coast of California between San Francisco and Los Angeles, in the rural area of San Luis Obispo County (the “County”), south of the City of San Luis Obispo and north of the City of Santa Maria. The District includes approximately 4,650 acres of land comprising 7 square miles.

The District’s service area includes portions of unincorporated area of San Luis Obispo County. Most of the customers reside in single-family homes, but service is also provided to multi-family residential homes and commercial and light industrial users.

The District currently has a population of approximately 13,614, and provides sewer service to approximately 3,724 residential, commercial and industrial connections under its two (2) separate wastewater systems, the Town Division and the Blacklake Division. The Blacklake Division is in the process of consolidating and becoming a part of the Enterprise, which is expected by July 2025.

See APPENDIX A – COUNTY OF SAN LUIS OBISPO DEMOGRAPHIC AND ECONOMIC DATA.

### **The Enterprise**

The District owns, operates, and maintains two (2) separate sewer collection, treatment, and disposal systems, one for the Town Division and the other for the Blacklake Division. The District’s Town Division and Blacklake Division systems are currently operated and managed as independent systems. The sewer rates paid by customers of each sewer system is generally intended to cover the costs of such sewer system. Blacklake Division is constructing capital improvements to become a part of the Town Division system. Upon completion of such improvements, the two systems will be consolidated resulting in one system, the Town Division, or the Enterprise. Consolidation is expected by July 2025.

The Enterprise consists solely of the Town Division wastewater system which provides sewer utility service to residential, commercial and industrial consumers located within the District. *Currently the Blacklake Division system is not part of the Enterprise and, prior to consolidation, does not affect Net Revenues.* For certain information regarding the Enterprise, see “THE ENTERPRISE,” and “APPENDIX B — AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021.”

### **Security and Sources of Payment for the Certificates; No Reserve Fund**

The Certificates, which are certificates of participation, evidence direct, fractional undivided interests in the Installment Payments, and the interest thereon, paid by the District pursuant to the Installment Purchase Agreement. The obligation of the District to pay the Installment Payments and the interest thereon and other payments required to be made by it under the Installment Purchase Agreement is a special obligation of the District payable, in the manner provided under the Installment Purchase Agreement, solely from Net Revenues, and other funds as provided in the Installment Purchase Agreement. Net Revenues generally consist of all income and revenue received by the District from the operation or ownership of the Enterprise remaining after payment of Maintenance and Operation Costs, all as further provided in the Installment Purchase Agreement. Following execution and delivery of the Certificates, the District has no obligations payable from Net Revenues



on parity with the Installment Payments under the Installment Purchase Agreement. See “ESTIMATED SOURCES AND USES OF FUNDS,” “FINANCIAL OBLIGATIONS – Existing Indebtedness” and “THE DISTRICT” herein and APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Installment Purchase Agreement” attached hereto. The District has no Parity Obligations, Repayment Obligations or Subordinate Obligations (as defined herein – see APPENDIX C) currently outstanding secured by a pledge of and payable from Net Revenues.

Pursuant to the Installment Purchase Agreement, the District will, to the extent permitted by law, fix, prescribe and collect fees and charges for the services and facilities of the Enterprise which will be at least sufficient to yield during each Fiscal Year Net Revenues (a) equal to at least 125% of the Annual Debt Service, on the Certificates and any Parity Obligations for such Fiscal Year and (b) equal to 100% of (i) Annual Debt Service for such Fiscal Year plus (ii) annual debt service for any other Obligations for such Fiscal Year. The District may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the fees and charges then in effect unless the Gross Revenues and Net Revenues from such reduced fees and charges will at all times be sufficient to meet the requirements of the Installment Purchase Agreement. See “SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Rate Covenant” herein.

**The obligation of the District to pay the Installment Payments and the interest thereon, and other payments required to be made by it under the Installment Purchase Agreement is a special obligation of the District payable, in the manner provided in the Installment Purchase Agreement, solely from Net Revenues and other funds provided for in the Installment Purchase Agreement, and does not constitute a debt of the District or of the State, or of any political subdivision thereof, in contravention of any constitutional or statutory debt limitation or restriction. Neither the faith and credit nor the taxing power of the District or the State or any political subdivision thereof, is pledged to the payment of the Installment Payments, or the interest thereon, or other payments required to be made under the Installment Purchase Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES” herein.**

The District is not providing for a debt service reserve fund for the Certificates. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES.”

### **Future Parity Obligations**

The District may issue additional or other obligations secured by Net Revenues on parity with the Installment Payments (the “Parity Obligations,” as defined herein), provided that the conditions set forth in the Installment Purchase Agreement are met. The District is not obligated to fund a debt service reserve fund in connection with, or upon the execution and delivery of, Parity Obligations. See “CERTAIN RISK FACTORS” and “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Parity Obligations.”

### **COVID-19 Pandemic**

The ongoing spread of the COVID-19 coronavirus pandemic, and responses intended to slow its spread, may result in material adverse impacts to the Enterprise and its finances. There can be no assurances that the spread of the virus and the related shelter in place orders and social distancing requirements imposed by the State of California, or other State or local mandates and/or other responses intended to slow its spread will not materially adversely impact the revenues received by the Enterprise, particularly amounts tied to economic activity in the District’s service area.

The District is monitoring the COVID-19 pandemic but is not yet able to fully predict the effect it will have on the financial performance or operations of the Enterprise. The COVID-19 pandemic and the governmental actions to respond to it resulted in a significant contraction of the national, state and local economies, including a dramatic increase in unemployment rates, and these economies have not fully recovered.

In addition, stock markets in the U.S. and globally experienced sharp declines in market value following the onset of the outbreak that were attributed to COVID-19 concerns and, although rebounds in the market have since occurred, increased volatility in the financial markets continues. It is widely expected that global, national and local economies will continue to be negatively affected by the COVID-19 pandemic, at least for some period of time.

To date, the District and its Enterprise have not experienced any material adverse impact from COVID-19. In light of the pandemic's negative impacts on its service area, the District \_\_\_\_\_.

The District cannot predict (i) the duration or ultimate extent of the COVID-19 pandemic; (ii) to what extent the COVID-19 pandemic may affect the operations and revenues of the Enterprise in the future; (iii) to what extent the COVID-19 pandemic may ultimately disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption will adversely impact Enterprise costs, sources of funds, schedule or implementation of any capital improvements, or other Enterprise operations; (iv) to what extent the District may desire to, or need to, provide customer assistance measures or deferrals, forbearances, adjustments or other changes to its customers or its billing and collection procedures; (v) if and to what extent the COVID-19 pandemic may negatively impact the market value of assets held to fund the District's pension plans, requiring future unanticipated increases in required plan contributions or (vi) whether any of the foregoing may have a material adverse effect on the finances and operations of Enterprise. Prospective investors should consider that the restrictions and limitations instituted related to COVID-19 may increase (even after they are decreased), and the upheaval to the national and global economies may continue and/or be exacerbated, at least over the near term, and the recovery may be prolonged, and therefore, COVID-19 may adversely impact Enterprise revenues.

### **Continuing Disclosure**

The District has covenanted for the benefit of holders and beneficial owners of the Certificates (a) to provide certain financial information and operating data (the "Annual Report") relating to the District and the property in the District not later than February 1 after the end of the District's Fiscal Year ending June 30, commencing February 1, 2023, and (b) to provide notices of the occurrence of certain enumerated events. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in the Continuing Disclosure Certificate. See "CONTINUING DISCLOSURE" herein and APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

### **Professionals Involved in the Financing**

All proceedings in connection with the execution and delivery of the Certificates are subject to the approval of Norton Rose Fulbright US LLP, Los Angeles, California, as special counsel and as disclosure counsel. Certain matters will be passed upon for the District and the Corporation by Richards Watson & Gershon, A Professional Corporation, San Luis Obispo, California. Columbia Capital Management LLC, is acting as municipal advisor to the District. Payment of the fees and expenses of the underwriters is contingent upon the execution, delivery and sale of the Certificates.

### **Miscellaneous**

The descriptions herein of the Trust Agreement, the Installment Purchase Agreement, the Continuing Disclosure Certificate and any other agreements relating to the Certificate are qualified in their entirety by reference to such documents. Copies of the Trust Agreement and the Installment Purchase Agreement are on file and available for inspection at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., Los Angeles, California Attention: Corporate Trust.

## THE CERTIFICATES

The Certificates are to be executed and delivered, solely as fully registered Certificates in the denomination of \$5,000 or integral multiples thereof, and are dated, mature and bear interest as described on the front and inside cover page hereof.

### **Payment of Principal, Prepayment Price and Interest**

While the Certificates remain in book-entry only form, payments to Beneficial Owners are governed by the rules of DTC as described in "APPENDIX F — BOOK-ENTRY SYSTEM." In the event that DTC ceases to act as securities depository for the Certificates, payment may be made as described below.

The payments of principal and prepayment price with respect to all Certificates is to be made upon presentation and surrender thereof at the corporate trust office of the Trustee. Interest is payable semiannually each June 1 and December 1, commencing June 1, 2022. Interest on any Certificate is to be paid to the owner of such Certificate as shown on the registration books kept by the Trustee, as Paying Agent, as of the close of business on the "Record Date," which is the fifteenth (15<sup>th</sup>) day of the calendar month preceding each Interest Payment Date, or, upon the request of an owner of at least \$1,000,000 in aggregate principal amount of Certificates, by wire transfer in immediately available funds to an account in the United States designated by such owner in writing to the Trustee prior to the Record Date. If and to the extent that there is a default in the payment of the interest due on an Interest Payment Date, and such defaulted interest is subsequently received by the Trustee, such defaulted interest is to be paid to the owners in whose names any such Certificates are registered at the close of business on a special record date as determined by the Trustee.

The Corporation and the Trustee may treat each owner of a Certificate appearing on the registration books maintained by the Trustee as the absolute owner of such Certificate for all purposes and will not be affected by any notice to the contrary.

Any Certificate delivered in transfer or exchange therefor bears interest (a) from the date of execution, if executed on an Interest Payment Date to which interest has been paid, or (b) from the last preceding Interest Payment Date to which interest has been paid (or from the date of their original delivery if no interest thereon has been paid) in all other cases.

### **Prepayment**

The Certificates are subject to prepayment, in whole or in part, in integral multiples of \$5,000, prior to their stated maturity only as set forth below:

*Optional Prepayment.* The Certificates maturing on or after June 1, 20\_\_ are subject to optional prepayment prior to their stated Principal Payment Dates, on any date on or after June 1, 20\_\_, in whole or in part, in authorized denominations, from and to the extent of prepaid Installment Payments paid pursuant to the Installment Purchase Agreement or from any other source of available funds, any such prepayment to be at a Prepayment Price equal to the principal evidenced by the Certificates to be prepaid, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium.

*Mandatory Prepayment from Net Proceeds.* The Certificates are subject to prepayment prior to their respective stated maturities, as a whole on any date or in part on any Interest Payment Date, in the order of stated maturity as directed by the District, or (in the event the District has not directed the order of stated maturity, in inverse order of stated maturity), and by lot within each stated maturity in integral multiples of \$5,000, from prepaid Installment Payments made by the District from Net Proceeds which are, in either case deposited in the Prepayment Account of the Installment Payment Fund and credited towards prepayment made by the District, upon the terms and conditions of, as provided for in the Trust Agreement, and the Installment Purchase Agreement, at a Prepayment Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for prepayment, without premium.

Each series of Certificates is subject to prepayment prior to its respective stated maturities, as a whole on any date or in part on any Interest Payment Date, in the order of stated maturity as directed by the District in a Written Request of the District provided to the Trustee at least 60 days prior to the prepayment date, or (in the event the District has not directed the order of stated maturity, in inverse order of stated maturity) and by lot within each stated maturity in integral multiples of \$5,000, from prepaid related Installment Payments made by the District from related Net Proceeds (the proceeds of any insurance or condemnation award remaining after payment of all expenses incurred in the collection of such proceeds), upon the terms and conditions of, and as provided for in, the related Installment Purchase Agreement (provided that such prepayment will occur on the next Interest Payment Date subsequent to such transfer with respect to which timely notice of prepayment can be provided) at a prepayment price equal to the principal amount thereof plus accrued interest thereon to the date fixed for prepayment, without premium.

*Mandatory Prepayment.* The Certificates bearing stated maturities of June 1, 20\_\_, and June 1, 20\_\_, respectively, are subject to mandatory prepayment, in part (by lot) on the respective prepayment dates, in integral multiples of \$5,000 at a Prepayment Price of the principal amount thereof plus accrued interest evidenced and represented thereby to the date fixed for prepayment, without premium. Such Certificates shall be prepaid in the amounts and upon the dates as follows:

Mandatory Prepayment Dates (June 1)	<u>Principal Amount</u>
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Mandatory Prepayment Dates (June 1)	<u>Principal Amount</u>
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*Selection of Certificates for Prepayment.* Except as provided for Mandatory Prepayment, whenever less than all outstanding Certificates are to be redeemed pursuant to the provisions of the Trust Agreement, the Certificates to be prepaid are to be selected by the Trustee as described above, provided, however, that the portion of any Certificate is to be in the principal amount of \$5,000 or any integral multiple thereof.

*Notice of Prepayment.* The Trustee is to give notice of prepayment by first class mail at least 20 days but not more than 60 days prior to the date fixed for prepayment to the owners of the Certificates designated for prepayment at their addresses appearing on the registration books. So long as the book-entry system is used for the Certificates, the Trustee will give any notice of prepayment or any other notices required to be given to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the prepayment of the Certificates called for prepayment. Beneficial Owners may desire to make arrangements with a DTC Participant so that all notices of prepayment or other communications to DTC which affect such Beneficial Owners, including notification of all interest payments, will be forwarded in writing by such DTC Participant. See "APPENDIX F — BOOK-ENTRY SYSTEM."

*Effect of Prepayment.* Notice having been given and the money for the prepayment (including the interest to the applicable prepayment date) having been set with the Trustee, the Certificates or portions thereof to be redeemed will cease to be entitled to any benefit or security under the Trust Agreement, and the owners of such Certificates will no longer have rights in respect thereof except to receive payment of the stated prepayment price.

### **Installment Payment Schedules**

The table below shows the annualized Installment Payment schedule (with payment dates being five (5) days prior to each Interest Payment Date, or if such day is not a Business Day, then the preceding Business Day) under the Installment Purchase Agreement with respect to the Certificates.

<b>Certificate Year</b>			
<b>Ending June 1</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
<b>Total</b>			

**ESTIMATED SOURCES AND USES OF PROCEEDS**

**Sources and Uses of Proceeds**

Proceeds from the sale of the Certificates are estimated to be applied as follows:

Estimated Sources of Proceeds

Principal Amount of Certificates	
Plus/Less: Net Original Issue Premium/Discount	
Release from the Prior Obligations Debt Service Reserve	
Less: Underwriter’s Discount	
Total	

Estimated Uses of Proceeds

Deposit to Escrow Fund	
Deposit to Construction Fund	
Deposit to Costs of Issuance Fund <sup>(1)</sup>	
Total	

<sup>(1)</sup> Includes fees and expenses of special and disclosure counsel, municipal advisor, trustee fees and expenses, costs of printing the preliminary and final official statement and rating agency fees.

**FINANCING PLAN**

**General**

The proceeds of the Certificates will be used to (i) prepay all of Prior Obligations, currently outstanding in the aggregate principal amount of \$8,325,000, (ii) fund a portion of the costs of certain capital improvements to the Enterprise (the “2022 Project”) and (iii) pay the costs of issuance relating to the execution and delivery of the Certificates. See “FINANCING PLAN.”

Under the terms of the Trust Agreement, dated as of June 1, 2012 (the “Prior Trust Agreement”), by and among the District, the Corporation and the Trustee, as prior trustee (the “Prior Trustee”) pursuant to which the Prior Obligations were executed and delivered, the prepayment of the installment payments related to the Prior Obligations will be effected by depositing a portion of the proceeds of the Certificates, together with other available moneys, A portion of the Certificates, together with funds deposited by the District and funds held by the Prior Trustee, will be used to establish an irrevocable escrow (the “Escrow Fund”) to be held by The Bank of New York Mellon Trust Company, N.A. (the “Escrow Bank”) under an Escrow Agreement, dated as of March 1, 2022 (the “Escrow Agreement”). Moneys on deposit in the Escrow Fund will be held in cash for the benefit of the owners of the Prior Obligations and applied to: (a) prepay the outstanding Prior Obligations in full on or about June 1, 2022, at a prepayment price equal to 100% of the principal amount thereof, plus accrued interest. The amounts deposited in the Escrow Fund will be held in trust solely for the Prior Obligations and will not be available to pay the principal and interest evidenced by the Certificates or any obligations other than the Prior Obligations.

The proposed 2022 Project involves the replacement of trunk sewer in Frontage Road which the District will replace and upsize 4,700 lineal feet of 10-inch and 12-inch sewer trunk main with 15-inch and 18-inch trunk main between Division Street and Juniper Street. The existing improvements were approved in connection with the District’s certification of an Environmental Impact Report for the project in 2012, State Clearinghouse No. 2009051120. Design of the 2022 Project as well as completion of the environmental document will be initiated and completed in 2022. Because the 2022 Project will involve the replacement of existing sewer facilities generally on the same site, the District Board found on January 26, 2022 that the 2022

Project is categorically exempt from CEQA review, and the District filed a Notice of Exemption with the County Clerk on [January 27, 2022]. See “RISK FACTORS – Environmental Laws and Regulations” herein. The District intends to pre-qualify general contractors and bid the project during the first quarter of 2023 and complete the 2022 Project by the first quarter of 2024.

Below are the estimated costs of construction for the 2022 Project.

	<b>COST ESTIMATE</b>
Construction Costs	\$2,500,000
Construction Contingency	<u>250,000</u>
<b>Construction Total</b>	<b>\$2,750,000</b>
Permitting (CEQA)	50,000
Engineering Design	300,000
Construction Management and Inspection	<u>500,000</u>
<b>Non-Construction Total</b>	<b>\$ 850,000</b>
<b>Southland Facility Phase 1 Improvements Estimated Total</b>	<b><u>\$3,600,000</u></b>

## SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

### General

Each Certificate represents a direct, undivided fractional interest in the Installment Payments to be made by the District to the Corporation under the Installment Purchase Agreement. The Installment Payments are irrevocably pledged to, and shall be used for, the timely payments with respect to the Certificates. The Installment Payments are not to be used for any other purpose while any of the Certificates remain Outstanding. Payments of principal and interest due with respect to the Certificates will be made from the Installment Payments, interest or other income derived from the investment of the funds and accounts held by the Trustee for the District pursuant to the Trust Agreement.

Installment Payments, and any Parity Obligations, are absolute and unconditional obligations of the District payable solely from, and secured by a pledge of and a first lien on, the Net Revenues of the Enterprise. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES - Parity Obligations” below. Pursuant to the Installment Purchase Agreement, the District has established and declared the conditions and terms upon which the Installment Payments and any Parity Obligations will be incurred and secured.

Pursuant to the Installment Purchase Agreement, the Prior Project will be reacquired by the District from the Corporation and the 2022 Project will be acquired by the District from the Corporation. The District has covenanted to, subject to any rights of prepayment under the Installment Purchase Agreement, pay to the Corporation, solely from Net Revenues and from no other sources, the Purchase Price in Installment Payments, with interest thereon, as provided in the Installment Purchase Agreement. The Installment Payments are not secured by, and the Certificate owners have no security interest in or mortgage on, the Enterprise.

Pursuant to the Trust Agreement, the Corporation has assigned to the Trustee for the benefit of the Owners of the Certificates substantially all of its rights, title and interest in and to the Installment Purchase Agreement, including its right to receive Installment Payments and the interest thereon.

## **Pledge of Net Revenues; Sewer Fund**

Pursuant to the Installment Purchase Agreement, all Net Revenues (defined below) are irrevocably pledged to the payment of the Installment Payments and together with the pledge of Net Revenues securing all other Parity Obligations (defined below under the heading “- Additional Obligations from Net Revenues”), will, subject to application as permitted in the Installment Purchase Agreement, constitute a lien on Net Revenues. Net Revenues will not be used for any other purpose until all Parity Obligations, including the Installment Payments, have been fully paid or provision has been made for such payment in accordance with the documents related to such Parity Obligations or, in the case of the Installment Payments, in accordance with the Installment Purchase Agreement.

Under the Installment Purchase Agreement, the District covenants that all Gross Revenues will be received by the District in trust and, except for the proceeds of any casualty insurance or condemnation award after the payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds (the “Net Proceeds”), will be deposited when and as received in a special fund designated as the “Sewer Fund,” which fund the District has theretofore established and which fund the District agrees and covenants to maintain and to hold separate and apart from other funds until all Installment Payments have been fully paid or provision has been made therefor in accordance with Installment Purchase Agreement. The District may designate one or more existing funds to satisfy the foregoing requirements. As of the date of this Official Statement, the Sewer Fund consists of the City’s Town Division sewer fund, as accounted for by the City for budget purposes. See “THE ENTERPRISE - Sewer Fund.” The City may maintain separate accounts within the Sewer Fund. Moneys in the Sewer Fund are required to be used and applied by the District in accordance with the Installment Purchase Agreement.

Certain Definitions. The terms “Enterprise,” “Net Revenues,” “Gross Revenues” and “Operation and Maintenance Costs” are defined in the Installment Purchase Agreement as follows:

“Enterprise” means the Town Division wastewater system of the District, including all facilities, properties and improvements at any time owned, controlled or operated by the District under the Town Division wastewater system for the treatment of wastewater and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the District, including the Project, and after consolidation with the Blacklake wastewater system, the entire wastewater system of the District.

“Net Revenues” means, for any Fiscal Year, an amount equal to all the Gross Revenues of the Enterprise received for such Fiscal Year minus the amount required to pay all Operation and Maintenance Costs for such Fiscal Year. Amounts transferred from the Rate Stabilization Fund may also be included in Net Revenues as described under the heading “ - Rate Stabilization Fund.”

“Gross Revenues” means (i) all income, user fees, connection fees, capacity charges and income, transaction revenues, and all revenues secured or collected from or arising out of the use, capital improvement or operation of the Enterprise or arising from the Enterprise, including, without limitation, all charges, rentals and fees required to be paid for services as permitted or required by law, resolution or order, to the District for operation of the Enterprise, (ii) other moneys deposited in the Sewer Fund by the District for the purpose of meeting any covenants under the Agreement, (iii) any earnings and income derived from the investment of any of the foregoing (A) that is credited by the District to the Sewer Fund or (B) to the extent that the use of such earnings and income is limited under law to the Enterprise, and (iv) income from the disposition of any portion of the Enterprise; except “Gross Revenues” do not include (w) any proceeds of taxes, *ad valorem* assessments, or benefit assessments, (x) grant, loan or bond proceeds restricted in use to specific capital improvements not consisting of the Project, (y) that portion of the annexation fees collected as deposits on behalf of and payable to other governmental agencies as required by law, and (z) any customer deposits or other advances subject to refund until such customer deposits or advances become the property of the District.



“Operation and Maintenance Costs” means the costs and expenses reasonable and necessary to operate and maintain the Enterprise, including but not limited to the costs and expenses to preserve the Enterprise in good repair and working order, including reasonable expenditures for repair and replacement incident to or arising from the Enterprise, the reasonable administrative costs and expenses of the District attributable to operation and maintenance of the Enterprise, and transfers made to other funds of the District for the purpose of paying or reimbursing the payment of Operation and Maintenance Costs, as determined by Generally Accepted Accounting Principles, but excluding (1) any transfers out to the Administration Fund of the District, (2) noncash items of depreciation, replacement and obsolescence charges or reserves therefore, (3) amortization of intangibles, premiums and discounts, (4) interest expense, (5) amounts paid from other than Gross Revenues of the Enterprise (including but not limited to amounts paid from the proceeds of property taxes and assessments), (6) non-cash expenses attributable to pension plans, other retirement accounts and other post-employment benefits.

### **Special Obligations**

The obligation of the District to pay the Installment Payments, and the interest thereon, and other payments required to be made by it under the Installment Purchase Agreement, is a special obligation of the District payable, in the manner provided in the Installment Purchase Agreement, solely from Net Revenues and other funds provided for in the Installment Purchase Agreement, and does not constitute a debt of the District, the State or any political subdivision thereof, in contravention of any constitutional or statutory debt limitation or restriction. Neither the faith and credit nor the taxing power of the District, the State or any political subdivision thereof, is pledged to the payment of the Installment Payments, or the interest thereon, or other payments required to be made under the Installment Purchase Agreement.

### **Allocation of Net Revenues**

From the moneys in the Sewer Fund, the District will pay all Operation and Maintenance Costs as they become due and payable. All remaining moneys in the Sewer Fund shall be set aside by the District at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds are to be held in trust and applied, used and withdrawn only for the purposes set forth as follows:

(a) *Installment Payments.* Not later than each Installment Payment Date, the District will, from the moneys in the Sewer Fund, transfer to the Trustee the Installment Payment due and payable on that Installment Payment Date. The District will also, from the moneys in the Sewer Fund, transfer when due to the applicable trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any Parity Obligation Payments in accordance with the provisions of the applicable Parity Obligations.

(b) *Parity Obligation Reserve Funds.* Moneys on deposit in the Sewer Fund not necessary to make any of the payments required above in (a) for a Fiscal Year may, subject to the limitations in the Installment Purchase Agreement, be expended by the District to restore any debt service reserve funds, if any, for Parity Obligations to an amount equal to the amount required to be maintained therein.

(c) *Surplus.* Moneys on deposit in the Sewer Fund not necessary to make any of the payments required above in a Fiscal Year may, subject to the limitations in the Installment Purchase Agreement, be expended by the District at any time for any purpose permitted by law, including but not limited to payments with respect to any Subordinate Obligations and deposits to the Rate Stabilization Fund.

### **Rate Covenants**

In the Installment Purchase Agreement, the District covenants to fix, prescribe and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year, which are at least

sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues sufficient to pay the following amounts in the following order of priority:

- (a) All Operation and Maintenance Costs estimated by the District to become due and payable in such Fiscal Year;
- (b) All Installment Payments and all other Parity Obligation Payments, and all Subordinate Obligation Payments as they become due and payable;
- (c) All payments required for compliance with the terms of any Parity Obligations requiring restoration of a debt service reserve fund to the amount required to be maintained therein;
- (d) All payments required for compliance with the terms of any Subordinate Obligations requiring restoration of a debt service reserve fund to the amount required to be maintained therein; and
- (e) All payments to meet any other obligations of the District which are charges, liens or encumbrances upon, or payable from, the Gross Revenues.

In addition, the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year, that are sufficient to yield during such Fiscal Year, (i) Net Revenues (excluding capacity charges) equal to at least 125% of the annual debt service due for the Certificates and any Parity Obligations in such Fiscal Year, and (ii) Net Revenues equal to 100% of annual debt service due for the Certificates, and any Parity Obligations and any other Obligations in such Fiscal Year.

In any Fiscal Year in which the Net Revenues of Enterprise are in excess of the aggregate annual principal and interest requirements of the Certificates and Parity Obligations in such Fiscal Year and other conditions of the Installment Purchase Agreement have been satisfied, such excess may be used by the District for any purpose permitted by law, all as further described in "APPENDIX C — SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — The Installment Purchase Agreement."

For information regarding the Enterprise, including financial information, see "NIPOMO COMMUNITY SERVICES DISTRICT" and "APPENDIX B — AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021."

#### **No Reserve Fund**

No reserve fund is being established in connection with the Certificates and no reserve fund is required to be established in connection with the issuance of any Parity Obligations (see "–Parity Obligations" below).

#### **Parity Obligations**

There are currently no Parity Obligations outstanding, but the District may at any time incur Parity Obligations provided the following conditions are met:

- (a) The District is in compliance with all agreements, conditions, covenants and terms contained in the Installment Purchase Agreement required to be observed or performed by it, and a Written Certificate of the District to that effect has been filed with the Trustee.
- (b) The Net Revenues (excluding capacity charges) for any 12 consecutive months within the last 18 months preceding the date of entry into or incurrence of such Parity Obligations, as shown by a Certificate of an Independent Consultant on file with the Trustee, are equal to at least 125% of the Maximum Annual Debt Service as calculated after the entry into or incurrence of such Parity

Obligations; provided that, in the event that all or a portion of such Parity Obligations are to be issued for the purpose of refunding and retiring any Parity Obligations then outstanding, interest and principal payments on the Parity Obligations to be so refunded and retired from the proceeds of such Parity Obligations being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service; and provided further that, the District may at any time enter into or incur Parity Obligations without compliance with the foregoing conditions, if the aggregate Annual Debt Service, during the years which such Parity Obligations are outstanding, will not be increased by reason of the entry into or incurrence of such Parity Obligations.

The District may adjust the foregoing Net Revenues to reflect:

(a) An allowance for increased or decreased Net Revenues arising from any increase or decrease in the rates, fees and charges of the Enterprise which was duly adopted by the Board of the District prior to the date of the entry into or incurrence of such Parity Obligations but which, during all or any part of such Fiscal Year or 12-month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased or decreased if such increase or decrease in rates, fees and charges had been in effect during the whole of such 12-month period;

(b) An allowance for Net Revenues that would have been derived from each new use or user of the Enterprise that, during any part of such Fiscal Year or 12-month period, was not in existence, in an amount equal to 70% of the estimated additional Net Revenues that would have been derived from each such new use or user if it had been in existence for the entire 12-month period.

The District may incur obligations secured by a pledge of the Net Revenues that are junior and subordinate to the first lien and pledge of the Net Revenues with respect to the Installment Payments. There are currently no Subordinate Obligations outstanding secured by a pledge of and payable from Net Revenues.

### **Rate Stabilization Fund**

The District may, at any time, determine to deposit in a Rate Stabilization Fund, which it may establish in conjunction with the Enterprise, any Net Revenues and any other money received and available to be used for such purpose. The District may at any time withdraw any or all of the money from the Rate Stabilization Fund for inclusion in Net Revenues; provided that any such withdrawal from the Rate Stabilization Fund shall be made not later than 180 days after the end of the Fiscal Year for which the withdrawal from the Rate Stabilization Fund will be included as Net Revenues.

The District shall maintain and hold a separate fund to be known as the "Rate Stabilization Fund." From time to time the District may deposit in the Rate Stabilization Fund from Net Revenues remaining, after making the allocation provided in the Installment Purchase Agreement, such amounts as the District shall determine, provided that deposits with respect to any Fiscal Year may be made at any time during such Fiscal Year and until (but not after) the day which is sixty (60) days following the end of such Fiscal Year.

The Rate Stabilization Fund is currently funded in the amount of \$300,000 from funds of the Enterprise.

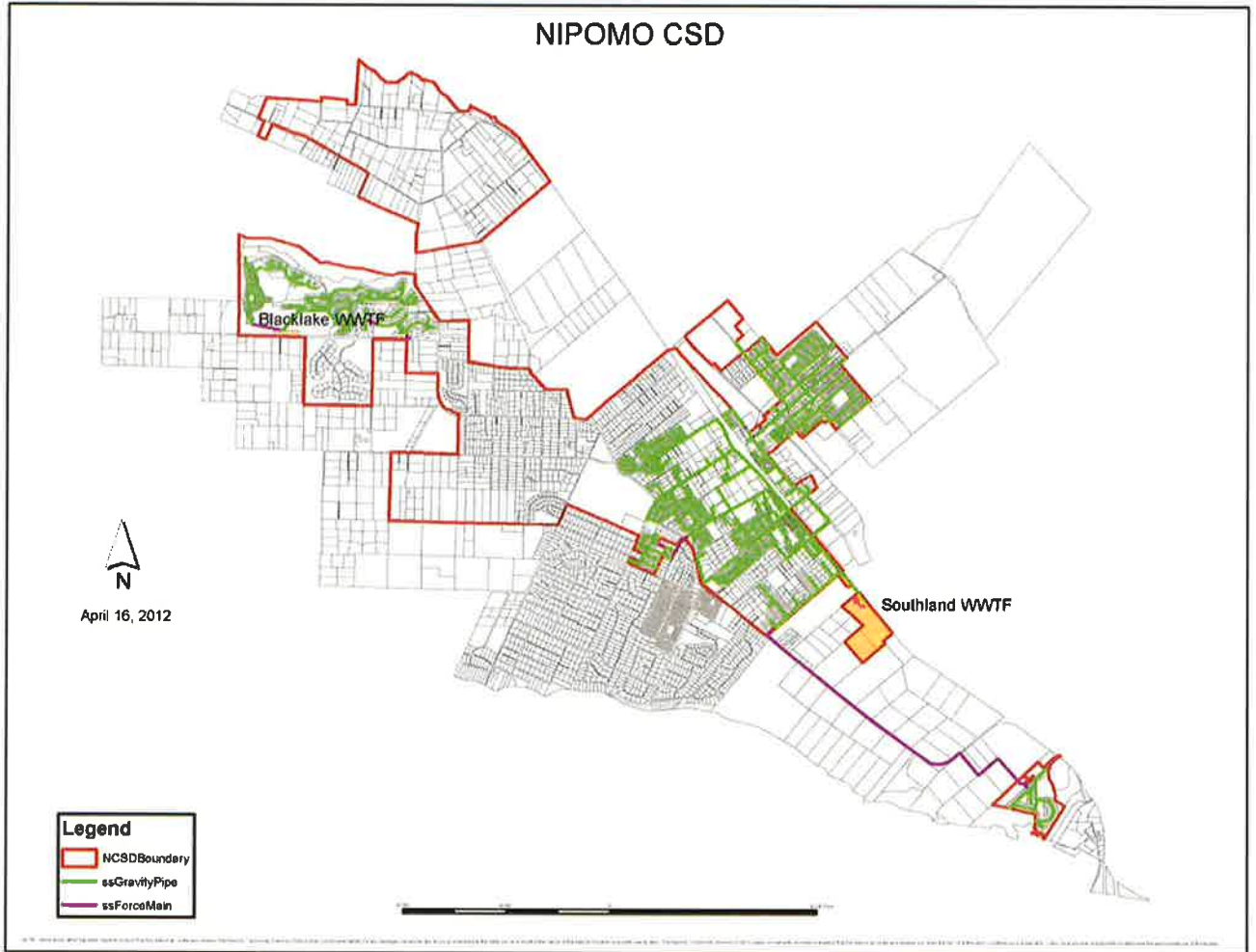
### **Insurance**

The District will procure and maintain or cause to be procured and maintained casualty insurance on the Enterprise with responsible insurers, or provide self-insurance (which may be provided in the form of risk-sharing pools), in such amounts and against such risks (including accident to or destruction of the Enterprise) as are usually covered in connection with facilities similar to the Enterprise. The District will procure and maintain such other insurance which it will deem advisable or necessary to protect its interests and the interests of the Corporation. See "THE DISTRICT — Risk Management" and APPENDIX C — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — Installment Purchase Agreement" herein.

## **Installment Payment Fund**

Installment Payments are required to be made by the District under the Installment Purchase Agreement five (5) days prior to each Interest Payment Date, or if such day is not a Business Day, then the preceding Business Day (each an "Installment Payment Date"). The Trust Agreement requires that Installment Payments be deposited in the Installment Payment Fund maintained by the Trustee. Pursuant to the Trust Agreement, the Trustee is to use the moneys in the Installment Payment Fund (i) on each Interest Payment Date, to deposit in the Interest Account that amount of moneys representing the interest on the Installment Payments coming due on such Interest Payment Date and used by the Trustee for the purpose of paying the interest evidenced by the Certificates when due and payable, (ii) on each Principal Payment Date, to deposit in the Principal Account that amount of moneys representing the Installment Payments coming due on such Principal Payment Date, and used by the Trustee for the purpose of paying the principal evidenced by the Certificates when due and payable, including mandatory sinking payments, and (iii) on the prepayment date specified in a Written Request of the District filed with the Trustee at the time that any prepaid Installment Payment is paid to the Trustee pursuant to the Installment Purchase Agreement, to deposit in the Prepayment Account that amount of moneys representing such prepaid Installment Payment, the accrued interest thereon to the prepayment date and any premium payable with respect thereto and used by the Trustee for the purpose of paying the interest, premium, if any, and principal evidenced by the Certificates to be prepaid. See "APPENDIX C — SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — Trust Agreement — *Installment Payment Fund*."

**NIPOMO COMMUNITY SERVICES DISTRICT  
TOWN DIVISION WASTEWATER ENTERPRISE  
SERVICE AREA**



## NIPOMO COMMUNITY SERVICES DISTRICT

### General

The District was formed in 1965 and currently provides 13,614 residents of the Nipomo area with one or more services including water, wastewater, street lighting, solid waste disposal or limited drainage services. The District is a California Community Services District organized pursuant to Government Code Sections 61000 *et seq.* The District is located off of Highway 101 on the central coast of California between San Francisco and Los Angeles, in the rural area of San Luis Obispo County (the “County”), south of the City of San Luis Obispo and north of the City of Santa Maria, in the unincorporated community of Nipomo, located in the southwest section of the County near the City of Arroyo Grande and the community of Oceano. The town of Nipomo includes approximately 14.9 square miles of land.

The District’s service area overlies the southern portion of the Nipomo area within the unincorporated portion of San Luis Obispo County. The District includes approximately 4,650 acres of land comprising 7 square miles. The District’s authority does not include legislative or executive powers over zoning or land use.

The District currently provides Town Division sewer service to approximately 3,165 residential, commercial and industrial connections. Most of the customers reside in single family homes, but service is also provided to multi-family residential homes and commercial and light industrial users. Upon consolidation with the Blacklake sewer system, expected by July 2025, an additional 559 connections will be added to the Town Division as part of the Enterprise.

The District population is expected to grow from approximately 13,614 to approximately 15,827 by 2040. Approximately 4,000 acres of land within the District are currently developed, of which approximately 3,316 acres are residential, 400 acres are commercial, and 300 acres are recreational.

### Governance and Management

The District is governed by a 5-member board of directors (the “Board of Directors”), the members of which are elected by the registered voters in the District to staggered 4-year terms. The current Board of Directors members, the expiration dates of their terms and their occupations are set forth below.

The names of the members of the District Board and the dates their terms expire are as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expires (December)</u>	<u>Occupation</u>
Ed Eby	President	2022	Retired Aerospace Program Manager
Dan Gaddis	Vice President	2022	Retired Aerospace Manager
Dan Woodson	Director	2022	Retired Civil Engineer
Richard Malvarose	Director	2024	Retired U.S. Army Officer
Craig Armstrong*	Director	2022	Retired Financial Executive

Day-to-day management of the District is delegated to the General Manager. Set forth below is a brief resume of the General Manager and principal staff:

*Mario Iglesias, General Manager and Secretary to the Board.* Mario Iglesias has 34 years of experience in the utility industry. Prior to serving as the District’s General Manager, he worked as the Utility

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\* Appointed to fill vacancy until next general election in 2022.

Systems Manager for the City of Morgan Hill overseeing an annual budget of \$19 million. Prior to that, he was the General Manager of the Aromas Water District for five years. Mr. Iglesias began his career as an operator at California-American Water Company on the Monterey Peninsula where he advanced to Production Superintendent. Mr. Iglesias holds a Bachelor's Degree in Public Administration from the University of San Francisco and an Associate's Degree in Water and Wastewater Management from Hartnell College.

*Lisa S. Bognuda, Finance Director.* Lisa S. Bognuda has served as Finance Director for the District for more than 29 years. Prior to 1993, she was a Tax Accountant with Glenn, Burdette, Phillips & Bryson, CPA firm for 6 years. Ms. Bognuda became a Certified Public Accountant in 1988. She received a Bachelor of Science degree in Business Administration with a concentration in accounting from California Polytechnic State University, San Luis Obispo in 1985.

*Peter V. Sevcik, Director of Engineering and Operations.* Peter V. Sevcik, P.E., is the Director of Engineering and Operations and has served in this capacity since September 2007. Mr. Sevcik joined the District with approximately 20 years of experience in wastewater and water including project management, construction management, design, planning and operations & maintenance, most recently serving as the Director of Engineering and Operations for the West Valley Sanitation District in Campbell, California. Mr. Sevcik is responsible for overseeing the planning, design and construction of the District's capital improvement projects. Mr. Sevcik has a Bachelor's degree in Civil Engineering from the University of Illinois, Urbana, Illinois, and a Master's degree in Public Administration from Nova Southeastern University, Fort Lauderdale, Florida.

## **Budget Process**

Pursuant to Government Code Section 61110, prior to June 30 of each year, the Board of Directors adopts a preliminary budget or final budget that conforms to generally accepted accounting and budgeting procedures for special districts. Prior to June 30, the District adopts a resolution establishing the appropriation's limit, annually provides for audits and annual financial reports. Based on the rates, charges and fees adopted by the District, and other revenue sources of the District, the General Manager prepares a District budget for each fiscal year. The budget for Fiscal Year 2022 was adopted on June 9, 2021.

## **Employees and Employee Benefits**

The District is currently staffed with 21 full-time employees, including a General Manager, Finance Director/Assistant General Manager, District Engineer and maintenance workers. None of the District's employees are presently represented by a union. The District has not experienced any strikes or other labor actions.

Retirement Programs. to be updated

All regular full-time and part-time employees of the District, unless specifically excluded, are covered under the Public Employees' Retirement System (PERS) of the State of California, a defined benefit plan. Pension costs are funded by monthly contributions from the District. Participants are required to contribute 8% of their annual covered salary. The District makes the contribution required of District employees on their behalf and for their account for employees hired prior to June 18, 2011. Employees hired on or after June 18, 2011, are required to contribute 8% on their own behalf.

The District is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the fiscal year ended June 30, 2021 was [18.015]% of annual covered payroll. Benefit provisions and all other requirements are established by state statute, and the employer contribution rate is established and may be amended by PERS. The District is also required to contribute all remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the Board of Administration.

The District's contribution to PERS for the fiscal year ending June 30, 2021 was \$320,704, equal to 100% of the required contribution for such fiscal year.

Benefits fully vest after five (5) year of service. Copies of PERS annual financial report may be obtained from their Executive Office – 400 P. Street, Sacramento, California 95814.

Post-Employment Benefits.

The District currently provides post-retirement health care benefits through PERS. In general, to be eligible for retiree medical benefits, an employee must retire from PERS on or after age 50 with at least 5 years of District service. For employees hired prior to February 1, 2006, the District's financial obligation is to pay 100% of the cost of coverage for the eligible retiree and any eligible dependents. For employees hired on or after February 1, 2006, the District's contribution percentage is based on the employee's years of PERS eligible service at retirement starting at 50% for employees with 10 years increasing by 5% per year of service up to 100% at 20 years of service. The District's maximum contribution is based on this contribution percentage applied to the average weighted premium rates established annually by PERS. A separate financial report is not prepared for the HC Plan. On January 1, 2020, the District conducted an actuarial valuation to determine the required funding for this health benefits program. The actuarial liability for the District's retiree health benefits program as of June 30, 2021, was determined to be \$3,493,521, based on a discount rate of 6.5%. Based on this valuation, for fiscal year ended June 30, 2021, the District paid \$102,569 in retiree medical benefits. In fiscal year 2008, the District established an Irrevocable Trust with the PERS' California Employer's Retiree Benefit Trust (CERBT). The Irrevocable Trust was required to fully implement the District's direction of prefunding the District's OPEB liability. For fiscal year June 30, 2021, the District's cash contribution to CERBT was \$101,000 in payments to the trust and the estimated implied subsidy of \$31,610 resulting in total OPEB payments of \$235,179. The District's contributions to the OPEB plan are not based on a measure of pay. Currently nine (9) retired employee are receiving health care benefits as of June 30, 2021.

The following table provides information as of June 30, 2020 valuation date of the District's post-employment benefits required disclosure.

Number of active participants	18
Employer's actuarially determined contributions	\$228,054
Employer's actual contributions	\$235,179
Total OPEB Liability	\$3,493,521
Plan Fiduciary Net Position	\$1,970,382
Net OPEB Liability	\$1,523,139
Plan fiduciary net position as % of Net OPEB Liability	56.40%
Covered employee payroll	\$1,419,376
Net OPEB Liability as a % of covered employee payroll	107.31%

**Risk Management**

The District is a member of the Special District Risk Management Authority, an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et. seq. In becoming a member of the Special District Risk Management Authority, the District elected to participate in the risk financing programs for the program periods July 1, 2020 through June 30, 2021, including general liability and property insurance with coverage of \$10,000,000 per occurrence with a \$500 deductible for property claims, automobile general liability and property insurance with coverage of \$10,000,000 per occurrence with a \$1,000 deductible, public officials and employee errors insurance with coverage of \$10,000,000 per occurrence and workers compensation insurance with statutory coverage and employer's liability insurance with coverage of \$5,000,000 per occurrence. Members are subject to dividends and/or assessments. No such dividends have been declared, nor assessments levied. As of June 30, 2021, there are no known refund or credit due to the



District, nor has there been any reduction in insurance coverage from the prior year. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years.

The District carries cyber liability coverage up to \$2,000,000 per occurrence, with a self-insured retention of \$50,000 per claim.

### **Outstanding Indebtedness**

*Enterprise Obligations.* Following execution and delivery of the Certificates, the District has no other obligations secured by a pledge of, and payable from, Net Revenues.

*Water Obligations.* On June 21, 2012, \$9,660,000 Water Revenue Certificates of Participation (Supplemental Water Project) (the “2012 Water Certificates”) were executed and delivered for the construction of phase 1 of the supplemental water project. The outstanding amount of the 2012 Water Certificates as of June 30, 2021, is \$8,675,000.

On May 30, 2013, the District issued \$2,845,000 of Refunding Revenue Bonds, Series 2013A (the “2013 Water Bonds”) to refund the Revenue Certificate of Participation that were originally issued on May 1, 2003. The 2012 Water Certificates and the 2013 Water Bonds are payable from water revenues and property taxes and not the Net Revenues.

*Special Assessment Debt.* On August 19, 2020, the District issued Assessment District No. 2020-1 (Blacklake Sewer Consolidation) Limited Obligation Bonds in the amount of \$11,825,292 (the “Assessment Bonds”). The balance outstanding as of June 30, 2021 was \$11,805,282. The Assessment Bonds are secured by the unpaid assessment on each parcel of land within the Blacklake Division sewer service area and not from Net Revenues pledged under the Installment Purchase Agreement.

## **THE ENTERPRISE**

### **History and Management**

The District was formed in 1965 and currently provides 13,614 residents of the Nipomo area with one or more services including water, wastewater, street lighting, solid waste disposal or limited drainage services.

The Enterprise serves the District encompassing approximately 7 square miles. The District currently employs 21 people full time, and operates one shift, seven days a week to operate and maintain the Enterprise. The District’s Finance Department is responsible for billing and collecting all wastewater utility bills.

The Enterprise consists of the Town Division wastewater system. The District’s other wastewater system, the Blacklake Division, is not part of the Enterprise. The Enterprise currently serves 3,165 customers, consisting of 2,694 single-family, 393 multi-family, and 78 commercial accounts. Upon consolidation with the Blacklake sewer system, expected by July 2025, an additional 559 connections will be added to the Town Division, or the Enterprise.

### **General Description**

The District’s Town Division wastewater collection and conveyance systems consists of more than 35 miles of mainline wastewater lines ranging from 6 to 24 inches in diameter, 3 miles of force mains ranging from 4 to 8 inches in diameter, 10 wastewater lift stations and other miscellaneous facilities.

The original collection system was constructed in 1985 and consists of PVC pipe. The Southland Wastewater Treatment Plant (the “Southland Facility”) was also constructed in 1985, expanded in 1999 and

2001, and upgraded in 2012. The Southland Facility's process is designed to produce undisinfected secondary effluent.

The District owns and operates the Southland Facility, which is located west of Highway 101 in the southern portion of the County. The Southland Facility treats a combination of domestic, commercial, and some light industrial wastewater from the unincorporated community of Nipomo, California. The Southland Facility operates under Waste Discharge Requirements Order No. R3-2012-0003 which specifies a permitted capacity of 900,000 gallons per day (gpd) based on the mmf.

The Southland Facility was upgraded in 2012 using proceeds of the Prior Obligations for Phase I improvements. Specific improvements to the Southland Facility included: a) replacement of the existing influent lift station; b) provision of headworks improvements in order to enhance effluent screening and grit removal; c) phased reconstruction of two of the four existing treatment ponds with extended aeration capabilities (a Biolac wave oxidation system); d) construction of two secondary clarifiers with an RAS/WAS pumping system for the circulation of "return activated sludge" (RAS) and "waste activated sludge" (WAS); e) installation of a sludge thickening system; f) replacement of the two existing unlined sludge drying beds with concrete-lined drying beds and g) provision of associated ancillary equipment, support buildings and facilities, piping, structural, site work, electrical and instrumentation improvements throughout the Southland Facility property.

The Southland Facility has a current capacity of 900,000 gpd providing secondary treatment. The existing Southland Facility treats a combination of residential and commercial wastewater utilizing four aeration ponds and eight on-site percolation basins. It currently has an average annual flow of 493,000 gpd. Average annual flow is the flow rate averaged over the course of one year and is considered to represent the base flow for the Southland Facility. The existing wastewater treatment facility also has an average wet weather flow (average daily flows in wet weather months) of 493,000 gpd and a maximum monthly flow (average daily flow during the maximum month of the year) of 501,000 gpd. The permitted capacity of 900,000 gpd is based on the maximum monthly flow. The existing wastewater treatment facility also has a peak daily flow rate design rate of 903,000 gpd and a peak hourly design rate (as extended over an entire day) of 1,650,000 gpd. Additional facilities at the Southland Facility include unlined sludge dry beds used for drying and storage of biosolids. Dried biosolids are currently disposed of at a composting facility.

The Enterprise has not experienced major spills, overflows or fines in the last five years. The Air Pollution Control District issued a notice of violation in 2018 requiring construction of additional solids processing equipment. As a result a screw press was completed this year and is scheduled for acceptance by the Board in January 2021. The District contracts with a vendor for emergency bypass pumping services, when needed. The District also maintains a backup power generator to operate pumps at headworks in the event of power outage. The District currently implements a sewer line and manhole inspection program to prevent and mitigate spills or overflows.

### **COVID-19 Pandemic Impact**

The impact of the COVID-19 on projected income and expenses for the Enterprise are currently expected to be minimal. Governor Newsom's Executive Order, dated April 2, 2020, suspending the public water systems' ability to disconnect water service to residences and small business is having some impact on delinquencies for the Enterprise because the District has waived late fees and is postponing service shutoffs during the COVID-19 emergency for the Enterprise as well. The number of delinquent accounts for Fiscal Year 2020-21 is about 5.5%, which is a higher delinquency rate to what the District experienced in the last five fiscal years prior to the pandemic when such rates were approximately 0.5% to 1.5%.

## **Consolidation of Blacklake System into the Enterprise**

In 1992, the Blacklake Specific Plan area was annexed into the District, whereby the District's sewer enterprise consisted of two systems: the Blacklake Sewer System serving only the Blacklake Specific Plan area and the Enterprise serving the remainder of the District. The existing Blacklake gravity sewer collection system consists of seven miles of gravity pipeline, three lift stations and force main.

Since annexation, the sewer rates for the residents served by the Blacklake Sewer System have exceeded the rates for customers served by the Enterprise. The Blacklake Water Reclamation Facility is 37 years old which has led to higher maintenance costs. The Southland Wastewater Treatment Facility within the Enterprise, being rebuilt in 2014 with costs spread over 3,000 parcels, results in lower maintenance costs and higher efficiencies. Currently, the estimated annual sewer cost for a single-family residence served by the Blacklake Sewer System is \$1,382 compared to \$627 for a single-family residence served by the Enterprise.

The District commissioned a Blacklake Sewer Master Plan in October 2017 (Master Plan). One of the tasks in the Master Plan included analyzing the feasibility of regionalization of the Town and Blacklake wastewater treatment facilities. The plan for this regionalization and consolidation of the two systems includes decommissioning the Blacklake water reclamation facility, constructing a new lift station near the existing Blacklake water reclamation facility, and installing a dedicated force main to connect to the Enterprise collection system. An assessment district was formed and in 2019 assessment bonds were issued by the District to pay a portion of the consolidation costs. The consolidation is expected to be complete by July 2025. At that time, 559 accounts will be added to the Enterprise.

## **Future Facilities**

Pursuant to the Southland Facility Master Plan, the District's growth will trigger when Phases II and III of improvements to the Southland Facility are initiated. Pursuant to the District's Sewer Master Plan, the District is planning additional capital improvements to the Enterprise over the next five years to repair, replace and improve existing facilities to continue to serve existing customers. Projects expected to be implemented over the next five years include wastewater conveyance system upsizing, lift station pump replacement, control system upgrades and manhole rehabilitation. The aforementioned facility improvements are expected to be financed with funded replacement and capacity charges for new connections and sewer service charges.

## **Wastewater Rates and Revenues**

The District currently recovers the cost of the Enterprise operation, maintenance, renewal and replacement and capital expansion through a user fee system consisting of three major components. The three components of the user fees currently imposed by the District for the Enterprise:

1. **Wastewater Service Rates.** Bi-monthly rates and charges based on fixed and variable costs for providing sewer service to existing residential customer classes and monthly rates and charges for commercial customer classes.
2. **Wastewater Capacity Fees.** One-time fee imposed on new sewer connections to help pay for existing and/or new wastewater facilities that are a proportional benefit to those being charged.
3. **Miscellaneous.** Front-footage fees.

Residential sewer customers are charged a flat amount for sewer service based on the number of equivalent dwelling units. Commencing January 1, 2022, the District is moving to a monthly billing cycle. Commercial and industrial sewer customers are charged a fixed monthly service charge based on the size of the water meter and a commodity charge based on water use and strength classification. The District has established a category of users to determine strength of sewer discharge, consisting of low strength, medium

strength and high strength. Said categories of uses are for reference only and establish minimum strength standards. The District retains the discretion to assign a higher strength category to individual discharges.

Rate changes are enacted by the Board based upon the recommendations of the General Manager. Beginning in July 1986 monthly sewer charges for the Enterprise were imposed by the Board and subsequent rate increases or modifications were adopted by the Board in May 1989, June 1992, and June 1993. In May 1997 the Board adopted new bi-monthly charges. The current structure and categories of rates were adopted of Board in June 23, 2021. To the extent required by law all increases were adopted in compliance with Proposition 218. Prior to 2005, the rate structure consisted of a flat rate with no distinction between single-family versus multifamily or residential versus commercial dwelling unit equivalents.

On June 23, 2021, pursuant to Resolution No. 2021-1602 (the “Rate Resolution”), the Board adopted the current schedule of rates for the Enterprise in accordance with the requirements of Articles XIIC and XIID of the California Constitution. The Rate Resolution was based on an April 2021 Town Sewer System Wastewater Rate Study (“2021 Rate Study”) from Tuckfield & Associates, Newport Beach, California. The District has followed Proposition 218 proceedings in relation to the notice, hearing and protest procedures in connection with recently increased rates and plans to follow such procedures in connection with future rate increases. See “RISK FACTORS – California Constitution Article XIIC and Article XIID.” Prior to the adoption of Resolution No. 2021-1602, the last adopted increase in rates for the Enterprise occurred in 2015. Future rates beyond Fiscal Year 2025-26 for the Enterprise are unknown at this time.

The following tables sets forth both components of the Enterprise’s past and currently revised rate structure, excluding mixed use usage rates which can be reviewed on the District’s website.

**TABLE 1  
NIPOMO COMMUNITY SERVICES DISTRICT  
TOWN DIVISION WASTEWATER ENTERPRISE  
HISTORICAL SEWER RATE STRUCTURE**

<b>Bi-Monthly Residential Flat Rate Customer Charge (per Dwelling Unit)</b>							
<b>Effective Date</b>	<b>Single Family</b>		<b>Multi-Family</b>				
8/1/21	\$104.54						\$87.15
1/1/20	100.87						84.14
1/1/19	97.74						81.53
1/1/18	94.71						79.00
1/1/17	91.77						76.55
1/1/16	88.93						74.18
1/1/15	88.32						67.33
1/1/14	88.32						67.33
1/1/13	88.32						67.33
1/1/12	88.32						67.33

<b>Bi-Monthly Non-Residential Flat Rate Customer Charge (Size of Meter)</b>							
<b>Effective Date</b>	<b>1” or less</b>	<b>1 ½”</b>	<b>2”</b>	<b>3”</b>	<b>4”</b>	<b>6”</b>	<b>8”</b>
8/1/21	\$54.88	\$158.04	\$250.88	\$467.51	\$776.98	\$1,550.66	\$2,479.07
1/1/20	39.83	115.63	183.84	343.01	570.39	1,138.85	1,820.99
1/1/19	38.60	112.04	178.14	332.37	552.70	1,103.53	1,764.53
1/1/18	37.40	108.57	172.62	322.07	535.57	1,069.31	1,709.81
1/1/17	36.24	105.20	167.26	312.08	518.96	1,036.16	1,656.80
1/1/16	35.12	101.94	162.08	302.40	502.87	1,004.03	1,605.42
1/1/15	34.07	98.59	156.66	292.16	485.72	969.64	1,550.34

<b>Bi-Monthly Non-Residential Usage Rate (\$/HCF)</b>			
<b>Effective Date</b>	<b>Low Strength</b>	<b>Medium Strength</b>	<b>High Strength</b>
8/1/21	\$3.87	\$4.27	\$5.47
1/1/20	3.89	4.32	5.59
1/1/19	3.77	4.19	5.42
1/1/18	3.66	4.06	5.25
1/1/17	3.54	3.93	5.09
1/1/16	3.43	3.81	4.93
1/1/15	2.89	3.20	4.14

Source: Nipomo Community Services District.

Table 2 below sets forth the adopted rate increases through July 1, 2025.

**TABLE 2  
NIPOMO COMMUNITY SERVICES DISTRICT  
TOWN DIVISION WASTEWATER ENTERPRISE  
ADOPTED SEWER RATE STRUCTURE**

<b>Bi-Monthly Residential Flat Rate Customer Charge (per Dwelling Unit)</b>							
<b>Effective Date</b>	<b>Single Family</b>		<b>Multi-Family</b>				
7/1/22	\$108.51		\$90.46				
7/1/23	112.64		93.90				
7/1/24	116.92		97.47				
7/1/25	121.36		101.17				

<b>Bi-Monthly Non-Residential Flat Rate Customer Charge (Size of Meter)</b>							
<b>Effective Date</b>	<b>1" or less</b>	<b>1 ½"</b>	<b>2"</b>	<b>3"</b>	<b>4"</b>	<b>6"</b>	<b>8"</b>
7/1/22	\$56.97	\$164.05	\$260.41	\$485.28	\$806.51	\$1,609.58	\$2,573.27
7/1/23	59.13	170.28	270.31	503.72	837.15	1,670.75	2,671.06
7/1/24	61.38	176.75	280.58	522.86	868.96	1,734.23	2,772.56
7/1/25	63.71	183.47	291.24	542.73	901.99	1,800.13	2,877.91

<b>Bi-Monthly Non-Residential Usage Rate (\$/HCF)</b>			
<b>Effective Date</b>	<b>Low Strength</b>	<b>Medium Strength</b>	<b>High Strength</b>
7/1/22	\$4.02	\$4.43	\$5.68
7/1/23	4.17	4.60	5.89
7/1/24	4.33	4.77	6.12
7/1/25	4.49	4.95	6.35

*Source: Nipomo Community Services District.*

Table 3 below sets forth a comparison of current effective sewer rates and charges for other communities and service areas in the surrounding region.

**TABLE 3**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**TOWN DIVISION WASTEWATER ENTERPRISE**  
**REGIONAL COMPARISON OF SEWER RATES**  
**(bi-monthly charges**  
**as of March 2021 unless otherwise noted)**

District/Agency	Base Bi-Monthly Rate for SF Residential User (per DU)	Usage Rate/Bi-Monthly Usage Charge (8 HCF/month)	Total Bi-Monthly Charge
Cambria CSD <sup>1</sup>	\$ 92.06	\$5.32 / \$212.80	\$304.86
Nipomo CSD – Blacklake Div. <sup>2</sup>	230.40	--	230.40
City of Morro Bay <sup>3</sup>	216.00	--	216.00
San Miguel CSD	179.54	--	179.54
City of San Luis Obispo <sup>4</sup>	40.86	\$8.58 / \$137.28	178.14
Templeton CSD	150.68	--	150.68
City of Paso Robles <sup>4</sup>	23.60	\$7.80 / \$93.60	117.20
<b>Nipomo CSD – Town Division<sup>5</sup></b>	<b>104.54</b>	<b>--</b>	<b>104.54</b>
City of Pismo Beach <sup>6</sup>	98.81	--	98.81
City of Arroyo Grande	55.76	\$0.67 / \$26.80	82.56
City of Grover Beach	73.96	--	73.96
Oceano CSD	70.44	--	70.44
Heritage Ranch CSD	67.12	--	67.12
City of Atascadero	57.14	--	57.14
City of Santa Maria	51.44	--	51.44

1. CSD = Community Services District.
2. April 1, 2021 rate.
3. July 1, 2019 rate.
4. July 1, 2021 rates with average 6 HCF per month.
5. August 1, 2021 rate.
6. Charge for the 5/8 meter size is used.

*Source: Nipomo Community Services District.*

### Capacity Charges

The District currently charges developers or other new customers connecting to the Town sewer system a one-time charge for capacity in the system. Sewer system capacity charges are based on meter size and reflect the potential demand on the sewer system that each new connection could impose. Current capacity charges are based on the system buy-in methodology for both collection and treatment. Commencing July 1, 2009, and each fiscal year thereafter, the capacity charge shall be increased to reflect the increase in the costs of the construction of District facilities. The determination of whether there has been an increase in costs and the amount of the increase in costs shall be determined by the percentage increase in the 20-Cities Construction Cost Index published by the Engineering News Record using the July, 2007 value of 7,959 as the basis and the Index value for May of each year to calculate the increase. Index value for May 2021 is 11,990. Current and historical capacity charge schedules are summarized below in the table below.

**TABLE 4**  
**NIPOMO COMMUNITY SERVICES DISTRICT**

**TOWN DIVISION WASTEWATER ENTERPRISE  
HISTORICAL CAPACITY CHARGES**

As of July 1	Capacity Charge (Size of Meter)					
	1" or less	1 ½"	2"	3"	4"	6"
2021	\$10,435	\$31,306	\$50,090	\$93,918	\$156,530	\$313,060
2020	9,937	29,812	47,701	89,437	149,062	298,125
2019	9,774	29,322	46,915	87,965	146,608	293,216
2018	9,585	28,755	46,009	86,265	143,775	287,550
2017	9,306	27,917	44,668	83,751	139,584	279,169
2016	8,978	26,933	43,093	80,798	134,663	269,325

*Source: Nipomo Community Services District.*

**Connections**

The following table provides a summary of the accounts and connections for the Enterprise for the most recent five fiscal years.

**TABLE 5  
NIPOMO COMMUNITY SERVICES DISTRICT  
TOWN DIVISION WASTEWATER ENTERPRISE  
HISTORICAL SEWER CONNECTIONS**

Fiscal Year Ended June 30	Number of Accounts	Percent Change	Number of Connections (Dwelling Unit Equivalent)	Percent Change
2021	3,165	1.02	3,593	1.04
2020	3,133	0.22	3,556	0.37
2019	3,126	0.90	3,543	1.00
2018	3,098	0.81	3,508	0.80
2017	3,073	0.36	3,480	(0.68)

*Source: Nipomo Community Service District.*

The Enterprise has a relatively stable customer base. During the Fiscal Year 2020-21 the District has continuously billed approximately 3,165 accounts. Table 6 sets forth number of current wastewater accounts and connections for single family residential, multifamily residential and commercial categories.



**TABLE 6**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**TOWN DIVISION WASTEWATER ENTERPRISE**  
**NUMBER OF ACTIVE ACCOUNT/CONNECTIONS BY CATEGORY**  
**(As of June 30, 2021)**

Category	Number of Accounts	Percent of Total	Number of Connections (Dwelling Unit Equivalent)	Percent of Total
Single Family	2,694 <sup>(1)</sup>	85.12%	2,855	79.46%
Multifamily	393	12.42	657	18.29
Commercial	78	2.46	81	2.25
<b>TOTAL</b>	<u>3,165</u>	<u>100.00%</u>	<u>3,593</u>	<u>100.00%</u>

1. Number includes 477 residential accounts served by the District and billed by the County.

Source: Nipomo Community Service District.

The ten largest customers of the Enterprise as measured by charges for the fiscal year ended June 30, 2021, were responsible for approximately 22% of Enterprise revenue during such period. The majority of the District's customer are residential. The County of San Luis Obispo is the largest customer, generating almost 13% of the monthly revenues of the Enterprise. The County's account is for a County Service Area in which by contract the District provides sewer services currently to 477 residential units.

**TABLE 7**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**TOWN DIVISION WASTEWATER ENTERPRISE**  
**TEN LARGEST CUSTOMERS**  
 Fiscal Year ended June 30, 2021

Account Name	Billed Amount	% of Annual Total
1. San Luis Obispo County <sup>1</sup>	\$289,065	12.93%
2. San Luis Bay Apartments	61,590	2.75
3. Buena Vista Mobile Home Park	27,840	1.25
4. 750 Grande Associates	26,756	1.20
5. Bar K Mobile Home Park	25,419	1.14
6. Cider Village Apartments	20,698	0.93
7. La Placita Plaza	17,814	0.80
8. SPZ Properties LLC	11,106	0.50
9. The Oaks at Nipomo	10,861	0.49
10. SLO Gas & Mart Inc.	10,828	0.48
Total Top Ten	\$ 501,977	22.45%
Total All Others	\$1,733,866	77.55%
<b>TOTAL</b>	<u>\$2,235,843</u>	<u>100.00%</u>

1. Includes collections for 477 residential accounts for parcels that lie outside the District's boundaries. The County includes the charges on the property tax bills for the parcels, then advances and remits the charges monthly to the District on behalf of the property owners, and retains the collections from the tax bill at the end of the fiscal year.

Source: Nipomo Community Services District.

## Capital Improvement Program

The District's projected capital improvement plan for the Enterprise for Fiscal Years 2021-22 through Fiscal Year 2024-25 is set forth below, and is estimated at approximately \$8 million, which includes approximately \$3 million of Certificate proceeds.

**TABLE 8  
NIPOMO COMMUNITY SERVICES DISTRICT WASTEWATER ENTERPRISE  
CAPITAL IMPROVEMENT PROGRAM SUMMARY**

Capital Improvement Program	2021-22 (Budget)	2022-23 (Projection)	2023-24 (Projection)	2024-25 (Projection)	2025-26 (Projection)
Sewer Collection System Master Plan	--	\$ 160,000	--	--	--
Southland Facility - Blower	\$ 245,000	--	--	--	--
Southland Facility Improvements	--	--	--	--	\$300,000
Southland Facility – Biosolids Dewatering	1,251,000	--	--	--	--
Southland Sewer System Pipeline Replac. <sup>1</sup>	200,000	3,400,000	--	--	--
Southland Facility – Influent Pump Station	150,000	--	--	--	--
Manhole Rehabilitation	150,000	154,000	\$159,000	\$163,909	168,826
Lift Station Pump Replacements	40,000	41,200	42,436	43,709	45,020
Lift Station Rehabilitation - Nipomo Palms	1,250,000	--	--	--	--
TOTAL	<u>\$3,286,000</u>	<u>\$3,755,700</u>	<u>\$201,571</u>	<u>\$207,618</u>	<u>\$513,846</u>

1. 2022 Project.

Source: Nipomo Community Services District.

The District's capital improvement program is a five-year plan, revised annually. Consequently, projects planned for future years may be cancelled, and new projects not presently anticipated may be undertaken. The proceeds of the Certificates used to construct the 2022 Project have been incorporated into the above table. New capital improvements and upgrades, other than the 2022 Project, are funded solely from funded replacement and capacity charges. Maintenance of the capital components of the Enterprise are funded from revenues of the Enterprise.

## Wastewater Historical Revenues

Table 9 below shows the historical revenues generated by the Enterprise for the past six fiscal years.

**TABLE 9  
NIPOMO COMMUNITY SERVICES DISTRICT  
TOWN DIVISION WASTEWATER ENTERPRISE  
HISTORICAL REVENUES**

<b>Fiscal Year Ended June 30</b>	<b>Revenues</b>	<b>Percent Increase</b>
2021	\$2,235,843	1.24%
2020	2,208,558	4.70
2019	2,109,471	3.84
2018	2,031,534	4.83
2017	1,937,869	4.05
2016	1,862,404	1.34

*Source: Nipomo Community Service District.*

### **Billing and Collection Procedures**

The District issues a combined utility bill to each of the customers for fees and charges related to water and wastewater services on a bi-monthly basis for residential accounts and a monthly basis for commercial accounts. Customers with delinquent accounts are charged an additional fee. Customer accounts become delinquent if unpaid 60 days after due, and if a delinquent account remains unpaid for an additional 15 days, water service is terminated.

The District has historically had a very low annual delinquency rate on the collection of its utility charges, typically 0.5% to 1.5%. Since the pandemic, the delinquency rate for Fiscal Year 2019-20 for the number of utility accounts delinquent was a little under 4.5% and for Fiscal Year 2020-21 was just under 5.5%. For Fiscal Year 2020-21, of the 4,485 utility accounts, 245 accounts were delinquent.

Due to Governor Newsom’s Executive Order, dated April 2, 2020, the District has waived late fees and is postponing service shutoffs during the COVID-19 emergency. Normally, absent the Order, if delinquencies occur, service is discontinued and liens are placed on the parcels and collected on the property tax roll. Certain customers (e.g., certain eligible for benefits to low-income households) are eligible to suspend or avoid disconnection if they enter into an agreement to amortize or participate in an alternative payment schedule for the unpaid amounts (usually over a twelve month period).

The majority of bills that become delinquent during the course of a year are paid during that year so services are not interrupted. Also, the property owner is responsible for the bill. Thus, if a rental tenant leaves an outstanding balance, the property owner is obligated to pay off the bill to receive continued service or to restart services at that the address. If the property is sold and there is an unpaid balance, the District will not restore service until the unpaid balance is paid in full.

### **Reserve Policy**

The District’s reserve policy goals provide a means to meet unanticipated reductions in revenues, meet changes in the costs of providing services, provide for fixed asset repair and replacement, meet natural disaster needs, and other issues. The reserves also provide guidelines to maintain the financial health and stability of the Enterprise.

The Operating Reserve provides working capital to meet cash flow needs during normal operations and supports the operation, maintenance and administration of the Enterprise. This reserve ensures that operations

can continue should there be significant events that impact cash flows. The target balance to be maintained is 180 days (50 percent) of the current annual operating expense budget.

The Rate Stabilization Reserve serves as a buffer to wastewater rates during any period where there are unexpected increases in operating costs or decreases in revenue and absorb revenue losses. The target reserve is established at \$300,000 plus interest that has accrued on the reserves.

## Historical Financial Operations

The following tables present historical revenues, expenditures and changes in net assets and for the Enterprise for the past five Fiscal Years.

**TABLE 10**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**TOWN DIVISION WASTEWATER ENTERPRISE**  
**HISTORICAL REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**For Fiscal Years Ended June 30**

	Audited 2016-17	Audited 2017-18	Audited 2018-19	Audited 2019-20	Audited 2020-21
<b>OPERATING REVENUES</b>					
Charges for Services	\$1,937,869	\$2,031,534	\$2,109,471	\$2,208,558	\$2,235,843
Miscellaneous	330	17,940	575	230	7,734
Total Operating Revenues	\$1,938,199	\$2,049,474	\$2,110,046	\$2,208,788	\$2,243,577
<b>OPERATING EXPENSES</b>					
Personnel	490,127	586,232	526,259	682,734	748,508
Contractual Services	12,748	36,0145	3,174	5,651	32,587
Utilities	146,425	144,462	160,537	167,068	164,734
Repairs and Maintenance	107,081	114,987	88,059	104,866	177,685
Other supplies and expenses	292,958	263,780	364,493	284,916	357,564
Insurance	12,905	14,418	16,617	18,691	27,210
Depreciation	715,214	712,060	703,565	717,885	731,879
Total Operating Expenses	\$1,777,458	\$1,871,953	\$1,862,704	\$1,981,811	\$2,240,167
<b>OPERATING INCOME (LOSS)</b>	\$160,741	\$ 177,521	\$ 247,342	226,977	\$ 3,410
<b>NON-OPERATING REVENUES (EXP)</b>					
Interest Income	38,667	80,455	151,667	129,090	33,652
Property Taxes	--	--	--	--	--
Gain/(Loss) on disposal of capital assets	470	--	--	6,368	1,424
Interest Expense	(359,554)	(354,716)	(349,400)	(342,766)	(335,633)
Total Non Operating Revenues	(320,417)	(274,261)	(197,733)	(207,308)	(300,557)
<b>Income (Loss) before Contrib.</b>	(159,676)	(96,740)	49,609	\$ 19,669	\$ (297,147)
Transfers (to) from other funds	(83,599)	(91,800)	(83,653)	(93,972)	(82,667)
Capital Contributions	196,511	159,172	603,081	140,950	72,592
Change in Net Assets	\$ (46,764)	\$ (29,368)	\$ 569,037	\$ 66,647	\$ (307,222)
Total Net Assets, Beginning	\$21,682,895	\$21,514,785	\$21,485,416	\$22,054,453	\$22,121,100
Total Net Assets, Ending	\$21,636,131	\$21,485,417	\$22,054,453	\$22,121,100	\$21,813,878

Source: Nipomo Community Services District.

**TABLE 11**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**TOWN DIVISION WASTEWATER ENTERPRISE**  
**COMBINING STATEMENT OF NET ASSETS**  
**For Fiscal Years Ended June 30**

	Audited 2016-17	Audited 2017-18	Audited 2018-19	Audited 2019-20	Audited 2020-21
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and cash equivalents	\$ 4,981,123	\$ 4,980,964	\$ 5,698,188	\$ 5,872,096	\$ 5,023,040
Accounts receivable	66,105	86,135	77,948	93,898	117,549
Accounts receivable - other	-	-	-	-	1,424
Unbilled utility receivable	231,000	239,000	250,000	276,000	281,000
Accrued interest receivable	12,541	24,975	36,872	21,947	4,450
Total current assets	<u>\$ 5,290,769</u>	<u>\$ 5,331,074</u>	<u>\$ 6,063,008</u>	<u>\$ 6,263,941</u>	<u>\$ 5,427,463</u>
<i>Noncurrent Assets</i>					
Cash with fiscal agent	605,259	602,366	614,828	623,633	596,881
Capital assets, not being depreciated	540,826	601,035	677,748	916,319	1,922,655
Depreciable capital assets, net	24,776,310	24,424,626	23,966,763	23,467,526	23,126,546
Total noncurrent assets	<u>\$25,922,395</u>	<u>\$25,628,027</u>	<u>\$25,259,339</u>	<u>\$25,007,478</u>	<u>\$25,646,082</u>
<b>TOTAL ASSETS</b>	<u>\$31,213,164</u>	<u>\$30,959,101</u>	<u>\$31,322,347</u>	<u>\$31,271,419</u>	<u>\$31,073,545</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB related	--	18,085	146,763	148,951	194,739
Pension related	154,634	157,851	121,740	111,044	111,352
Total deferred outflows of resources	<u>154,634</u>	<u>175,936</u>	<u>268,503</u>	<u>259,995</u>	<u>306,091</u>
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts payable	57,985	37,863	83,720	124,815	407,068
Deposits and retentions	-	-	-	9,280	2,791
Accrued liabilities	51,185	49,455	50,291	59,669	40,711
Current portion long-term liabilities	237,048	242,048	217,180	215,000	281,504
Total current liabilities	<u>\$ 346,218</u>	<u>\$ 329,366</u>	<u>\$ 351,191</u>	<u>\$ 408,764</u>	<u>\$ 732,074</u>
<i>Noncurrent liabilities</i>					
Net OPEB liability	--	134,185	230,225	240,553	315,289
Net pension liability	306,132	348,651	332,824	357,552	392,215
Long-term liabilities, less current portion	9,061,706	8,817,158	8,597,479	8,379,980	8,120,023
Total noncurrent liabilities	<u>\$ 9,367,838</u>	<u>\$ 9,299,994</u>	<u>\$ 9,160,528</u>	<u>\$ 8,978,085</u>	<u>\$ 8,827,527</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 9,714,056</u>	<u>\$ 9,629,360</u>	<u>\$ 9,511,719</u>	<u>\$ 9,386,849</u>	<u>\$ 9,559,601</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB related	--	8,297	9,488	6,087	--
Pension related	17,611	11,964	15,190	17,378	6,157
Total deferred inflows of resources	<u>17,611</u>	<u>20,261</u>	<u>24,678</u>	<u>23,465</u>	<u>6,157</u>
<b>NET POSITION</b>					
Net investment in capital assets	\$16,018,382	\$15,966,455	\$16,444,680	\$15,788,865	\$16,671,720
Restricted for system expansion/replacement	1,012,710	980,287	723,646	510,489	454,663
Restricted for debt service	--	--	614,828	623,678	596,881
Unrestricted	4,605,039	4,538,674	4,271,299	5,198,068	4,090,614
<b>Total Net Position</b>	<u>\$21,636,131</u>	<u>\$21,485,416</u>	<u>\$22,054,453</u>	<u>\$22,121,100</u>	<u>\$21,813,878</u>

Source: Nipomo Community Services District.

## **Projected Operating Results and Debt Service Coverage**

The following table sets forth the projected revenues, expenses and debt service coverage of the Enterprise for the previous and current Fiscal Year and the next five Fiscal Years. The District has prepared the following table of projections of operating results of the Enterprise based on certain assumptions made by the District. To the extent that actual future conditions vary from those assumed in preparing the projections, the actual results will vary from those set forth herein.

Prior to consolidation with the Blacklake Division, projected revenues from fixed sewer service charges are approximately 93% of total Enterprise revenue. The District plans on conducting a rate study in Fiscal Year 2026 after the consolidation of the Blacklake Division into the Enterprise.

The assumptions utilized in preparing the projections include that the following:

- Rates are based on the adopted 5-year schedule of rates and charges for the Enterprise.
- Projected revenues and expenses for Fiscal Years 2023 through 2026 are based on the Fiscal Year 2022 budget and derived from the 2021 Rate Study and the Town and Blacklake Wastewater Systems Consolidation Feasibility Study (Consolidation Study) dated March 2019 (the "Consolidation Study").
- The number of residential dwelling units increase at the annual rate of 0.5% prior to consolidation.
- Blacklake Division consolidates with the Enterprise in July 2025, adding 555 residential and 4 commercial accounts to the Enterprise for Fiscal Year 2026.
- Interest income is calculated as 1% of the average of beginning of year and end of year cash balances.
- Revenues in Fiscal Year 2026 related to Blacklake customers assume that the existing previous Blacklake customers are charged according to the adopted 5-year schedule of rates and charges for the Enterprise.
- Salaries and wages cost per full time employee (FTE) increases at 3% annually.
- Benefits cost per FTE increases at 8% annually.
- Electricity cost per unit (\$/HCF), chemicals cost per unit (\$/HCF), and all other expenses increase at the rate of 3% annually. Electricity and chemicals cost also increase with customer growth.
- The additional expenses related to the Blacklake consolidation are derived from the Consolidation Study and assumes increases of 3% annually of all expenses except benefits cost which increases at 8% annually.

**TABLE 12**  
**NIPOMO COMMUNITY SERVICES DISTRICT TOWN DIVISION WASTEWATER ENTERPRISE**  
**PROJECTED REVENUES, EXPENSES AND DEBT SERVICE COVERAGE**  
**For Fiscal Years Ended June 30**

Fiscal Year	Actual 2019-20	Actual 2020-21	Budget 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
<b>Operating Revenues</b>							
Charges for Services - Town Sewer	\$2,208,558	\$2,235,843	\$2,327,500	\$2,392,900	\$2,495,000	\$2,601,300	\$2,712,000
Charges for Service- Black Lake Sewer							419,463
<b>Total Operating Revenues</b>	<b>\$2,208,558</b>	<b>\$2,235,843</b>	<b>\$2,327,500</b>	<b>\$2,392,900</b>	<b>\$2,495,000</b>	<b>\$2,601,300</b>	<b>\$3,131,463</b>
<b>Operating Expenses</b>							
Wages and Benefits - Town	\$682,734	\$748,508	\$816,630	\$857,672	\$901,269	\$947,602	\$996,870
Wages and Benefits - Blacklake							176,666
Contractual Services	5,651	32,587	15,600	16,068	16,551	17,047	17,558
Utilities – Town	167,068	164,734	184,500	190,035	195,736	201,608	207,656
Utilities – Blacklake							51,000
Supplies- Town	284,916	357,564	366,220	377,207	388,525	400,179	412,183
Supplies- Blacklake							278,809
Repairs and Maintenance	104,866	177,685	124,500	128,235	132,082	136,045	140,126
Insurance	18,691	27,210	39,185	40,361	41,572	42,819	44,104
Depreciation - Town	717,885	731,879	731,879	731,879	731,879	731,879	731,879
Depreciation - Blacklake							128,550
<b>Total Operating Expenses</b>	<b>\$1,981,811</b>	<b>\$2,240,167</b>	<b>\$2,278,514</b>	<b>\$2,341,457</b>	<b>\$2,407,614</b>	<b>\$2,477,179</b>	<b>\$3,185,401</b>
<b>Net Operating Revenues</b>	<b>\$226,747</b>	<b>(\$4,324)</b>	<b>\$48,986</b>	<b>\$51,443</b>	<b>\$87,386</b>	<b>\$124,121</b>	<b>(\$53,938)</b>
<b>Non-Operating Revenues / (Expenses)</b>							
Interest Income	\$129,090	\$33,652	\$60,420	\$32,561	\$15,748	\$16,879	\$16,198
Other Revenue	6,598	1,424	0	500	500	500	500
Capital Contributions (Capacity Charges)	140,950	72,592	31,205	104,350	90,000	90,000	90,000
<b>Total Non-Operating Revenues</b>	<b>\$276,638</b>	<b>\$107,668</b>	<b>\$91,625</b>	<b>\$137,411</b>	<b>\$106,248</b>	<b>\$107,379</b>	<b>\$106,698</b>
Add Back Depreciation	\$717,885	\$731,879	\$731,879	\$731,879	\$731,879	\$731,879	\$860,429
<b>Total Available for Debt Service</b>	<b>\$1,221,270</b>	<b>\$835,223</b>	<b>\$872,490</b>	<b>\$920,733</b>	<b>\$925,513</b>	<b>\$963,379</b>	<b>\$913,189</b>
2022 Certificates Debt Service*	\$520,849	\$553,849	\$595,000	\$595,000	\$595,000	\$595,000	\$595,000
<b>DEBT SERVICE COVERAGE*</b>	<b>2.34</b>	<b>1.51</b>	<b>1.47</b>	<b>1.55</b>	<b>1.56</b>	<b>1.62</b>	<b>1.53</b>
Maximum Annual Debt Service (MADS)*	\$598,292	\$598,292	\$599,000	\$599,000	\$599,000	\$599,000	\$599,000
<b>MADS Coverage</b>	<b>2.04</b>	<b>1.40</b>	<b>1.46</b>	<b>1.54</b>	<b>1.55</b>	<b>1.61</b>	<b>1.52</b>
<b><u>Capital Fund Balance Projections</u></b>							
<b>Beginning Balance</b>			\$5,023,040	\$4,986,330	\$1,525,963	\$1,623,605	\$1,752,166
Cash from Operations After 2022 COPs Debt Service*			277,490	325,733	330,513	368,379	318,189
2022 Certificate Proceeds			3,000,000			0	
Grants						0	
Other Revenues						0	
Capital Project Expenditures			(3,286,000)	(3,755,700)	(201,571)	(207,618)	(513,846)
Other Expenditures (fixed assets)			(28,200)	(30,400)	(31,300)	(32,200)	(33,200)
Other Expenditures (Blacklake fixed assets)							(35,842)
<b>Ending Cash Balance</b>			<b>\$4,986,330</b>	<b>\$1,525,963</b>	<b>\$1,623,605</b>	<b>\$1,752,166</b>	<b>\$1,487,467</b>

\* Preliminary, subject to change.

Source: Nipomo Community Services District.



## **Delinquencies**

The District's wastewater system has historically accounted for revenues on a full accrual basis. The District has developed procedures for handling delinquent accounts. There has not generally been a significant delinquency problem. The threatened suspension of water delivery is normally sufficient incentive to induce customers to make payment of their billings. In addition, the District customers may have tax liens placed on their property when water bills are delinquent.

Due to Governor Newsom's Executive Order, dated April 2, 2020, the District has waived late fees and is postponing service shutoffs during the COVID-19 emergency. In recent years prior to the pandemic, the number of delinquent accounts was 0.5 to 1.5%, which following the onset of the pandemic rose to 4.5% as of June 30, 2020 and 5.5% as of June 30, 2021.

## **Enterprise Accounting**

The Enterprise is accounted for as an enterprise fund with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Revenues are fully accrued to include unbilled services at year end.

The District uses the accrual basis of accounting for its "proprietary funds," including the Enterprise funds. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred. All assets and liabilities for these funds are included on the balance sheet with this measurement focus. Fund equity (net total assets) is segregated into contributed capital and retained earnings components.

The proprietary funds apply all applicable GASB pronouncements as well as applicable pronouncements of the Financial Accounting Standard Board, Accounting Principles Board and any Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2021" for a more complete summary of the District's accounting policies.

## **California Regional Water Quality Control Board**

The Southland Facility operates under Waste Discharge Requirements Order No. R3-2012-0003 (the "Order") of the California Regional Water Quality Control Board (the "RWQCB Board") which established the discharge limits and monitoring requirements for the Southland Facility. The Order is a license to operate the Enterprise and requires that the District comply with Federal, State, and local laws and regulations. The Order specifies a permitted capacity of 900,000 gpd based on the mmf for the Southland Facility. The primary laws that regulate the Enterprise are found in the Federal Clean Water Act and the State Porter Cologne Water Act. Board Orders are renewed every 5 years to reflect changes in regulatory laws. The District is able to request changes to RWQCB Board Orders to remove outdated procedures and testing. The District has begun the process to enroll the Southland Facility in a new general order that will restrict nitrogen concentration in plant effluent and require construction of the next Biolac aeration basin.

Generally, RWQCB Board Order compliance costs are stable and do not change significantly from year to year. If the construction of new facilities to the Enterprise are required for compliance with a RWQCB Board Order, a time schedule is usually adopted to allow the District the time to design and build the new facilities. When new Enterprise facilities are completed, compliance costs will generally increase during startup. These

increased costs, however, are absorbed into the operational funding of the Enterprise facilities. Rate studies determine how the compliance costs are passed on to the users of the system.

On February 7, 2006, the District received a Notice of Violation from the Regional Water Quality Control Board (RWQCB) for several effluent water quality violations reported during 2005. In response to this notice, the District prepared an Action Plan (dated May, 2006), a Technical Memorandum (dated July, 2006) and a Draft Wastewater Treatment Master Plan (revised February 19, 2007). These research efforts were intended to evaluate existing and future wastewater treatment demands of the Southland Facility, identify required improvements to meet these demands and develop a capital improvements program to assist the District in planning and financing these facilities. The recently completed Phase I was incorporated into the Waste Discharge Requirements Order No. R3-2012-0003 that was issued to the District in February 2012.

Non-compliance costs with a RWQCB Board Order can be significant. Most violations of the Order, however, if any, are minor or occasional in occurrence and result in minor fines and or penalties. Over the past five years, the financial impact of fines with respect to Board Orders on the Enterprise has been minimal. Through constant monitoring, testing, and operation, operators are able to correct most issues before they escalate into large fines. The District is not aware of any environmental or regulatory issues that would adversely impact its ability to collect and treat wastewater in the District and pay the Installment Payments.

### **RISK FACTORS**

*The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of Certificates. However, the following does not purport to be an exhaustive list of risks and other considerations which may be relevant to investing in the Certificates and there can be no assurance that other risk factors will not become evident at any future time. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.*

#### **Demand and Usage; Drought**

There can be no assurance that the local demand for services provided by the Enterprise will continue according to historical levels. In addition, drought conditions and voluntary or mandatory water conservation measures could decrease usage of the services of the Enterprise, impacting revenues from flow rate charges. See “THE ENTERPRISE – Wastewater Rates and Revenues.”

Any reduction in the level of demand or usage could require an increase in rates or charges in order to produce Net Revenues sufficient to comply with the District’s rate covenants. Such rate increases could increase the likelihood of nonpayment.

#### **Enterprise Operation and Maintenance Expenses and Net Revenues**

There can be no assurance that the District’s operation and maintenance expenses for the Enterprise will remain at the levels described in this Official Statement. Changes in technology, energy or other expenses, including any increased treatment costs, could reduce the District’s Net Revenues and require substantial increases in rates or charges. Such rate increases could increase the likelihood of nonpayment or decrease demand. Although the District has covenanted to prescribe, revise and collect rates and charges for the Enterprise at certain levels, there can be no assurance that such amounts will be collected in the amounts and at the times necessary to make timely payments with respect to the Installment Payments.

The ability of the District to comply with its covenants under the Installment Purchase Agreement and generate Net Revenues sufficient to pay principal of and interest with respect to the Certificates may be adversely affected by actions and events outside the control of the District and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See “- Articles XIIC and XIID of the California Constitution.” The remedies available to the owners of the

Certificates upon the occurrence of an event of default under the Installment Purchase Agreement are in many respects dependent upon judicial actions that are typically subject to discretion and delay and could prove both expensive and time consuming to obtain.

### **Environmental Laws and Regulations**

Wastewater collection, treatment and disposal facilities are subject to a wide variety of local, State, and federal health and environmental laws. Among the types of regulatory requirements faced by such facilities are air and water quality control requirements. Such regulations, as they may be from time to time amended or subsequently enacted could affect the Net Revenues available to pay the Installment Payments. See “THE ENTERPRISE – California Regional Water Quality Control Board.”

Pursuant to California environmental laws, the District filed a Notice of Exemption with the County Clerk on [January 27, 2022] for the 2022 Project. The last day to file a CEQA challenge is March 3, 2022. A challenge may delay the design and/or construction of the 2022 Project.

### **Natural Disasters**

A number of natural disasters could affect the physical condition of the Enterprise facilities and/or the ability or willingness of Enterprise customers to pay their sewer bills when due. This may include the following:

*Seismic.* The District, like most communities in California, is an area of unpredictable seismic activity, and therefore, is subject to potentially destructive earthquakes.

*Flood Zone Mapping.* No portion of the District has been designated by Federal Emergency Management Agency (“FEMA”) as a Special Flood Hazard Area (which is estimated to have a 1% annual chance of experiencing a flood with a magnitude expected once every hundred years (“100-year flood”)).

*Wildfire Risks.* In recent years, wildfires have become an increasing risk for communities throughout the State, led in part due to drought conditions in the State and in part to other climactic conditions. A wildfire impacting the District could have a material adverse impact on property values, sales tax revenue and otherwise within the District. No portion of the District is located in State Responsibility Area Fire Hazard Zones.

### **COVID-19 Pandemic**

The outbreak of COVID-19, a respiratory disease which was first reported in China in late 2019, has since spread to other countries, including the United States, and is considered a pandemic by the World Health Organization. The United States State Department and the Center for Disease Control and Prevention (“CDC”), as well as other governmental authorities, have issued restrictions and warnings for the United States and a number of countries in Asia, Europe, South American and Africa, and similar restrictions and warnings may be extended to other countries in the future. The outbreak has had an adverse effect on, among other things, the world economy, global supply chain, international travel and a number of travel-related industries. The outbreak has also negatively affected travel, commerce, asset values and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the State and the County. Unemployment in the United States has dramatically increased as a result of the outbreak. Federal and state governments (including California) have enacted legislation and have taken executive actions designed to mitigate the negative public health and economic impacts of the outbreak.

The District does not presently anticipate a material impact to the operations or financial position of the Enterprise as a result of COVID-19, in part because revenues have remained steady and there is no presently expected material increase in expenses or operational challenges. Nonetheless, the District cannot predict (i) the severity, duration or extent of the COVID-19 outbreak; (ii) the duration or expansion of governmental restrictions imposed by governmental entities other than the District that affect the District; (iii) what effect any such COVID-19 related restrictions or warnings may have on the finances or operations of the District or the

Enterprise; (iv) the extent to which the COVID-19 outbreak may result in changes in demand for the services or products of the Enterprise or the ability of the Enterprise's customers to pay for such services or products; or (v) whether or to what extent the District may provide deferrals, forbearances, adjustment or other changes to the Enterprise's arrangements with its customers in the future but any of the foregoing factors alone or in combination with others could result in material adverse impacts to the finances or operations of the District and the Enterprise.

### **Cybersecurity**

The District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the District is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that its efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack would not materially impact the operations or finances of any entity, including with respect to the administration of the Certificates. The District is also reliant on other entities and service providers in connection with its information technology generally, as well as with the administration of the Certificates, including without limitation the Trustee. The District has not been subject to a major cyberattack in the last 10 years. No assurance can be given that the District and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Certificate owners.

### **Limitations on Remedies; Bankruptcy**

The District is authorized to file for bankruptcy under certain circumstances. Should the District file for bankruptcy, there could be adverse effects on the owners of the Certificates.

If the Net Revenues are "special revenues" under the Bankruptcy Code, then Net Revenues collected after the date of the bankruptcy filing should be subject to the lien of the Trust Agreement. "Special revenues" are defined to include receipts derived from the ownership or operation of projects or systems that are primarily used to provide utility services. Although the Net Revenues appear to satisfy this definition and thus be "special revenues," no assurance can be given that a court would not hold that the Net Revenues are not special revenues or are not subject to the lien of the Trust Agreement. If the Net Revenues are determined to not be "special revenues," then Net Revenues collected after the commencement of the bankruptcy case will likely not be subject to the lien of the Trust Agreement. The owners of the Certificates may not be able to assert a claim against any property of the District other than the Net Revenues, and if these amounts are no longer subject to the lien of the Trust Agreement, then there may be no amounts from which the owners of the Certificates are entitled to be paid.

The Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the related project or system before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, the District may be able to use Net Revenues to pay necessary operating expenses of the Enterprise that are greater than or different from the Operation and Maintenance Costs defined in the Installment Purchase Agreement before the remaining Net Revenues are made available to the Trustee to pay amounts owed to the owners of the Certificates. It is not clear which expenses would constitute necessary operating expenses.

If the District is in bankruptcy, then the District's creditors (including the Trustee on behalf of owners of the Certificates) may be prohibited from taking any action to collect any amount from the District or to enforce any obligation of the District without the bankruptcy court's permission. This prohibition may also prevent the Trustee from making payments to the owners of the Certificates from funds in the Trustee's possession. The rate covenant (see "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Rate Covenant") may not be enforceable in bankruptcy by the Trustee or the owners of the Certificates.

The provisions of the Installment Purchase Agreement that provide that the commencement of a bankruptcy case by the District is an event of default and that certain other insolvency-related events with

respect to the District are also events of default may be unenforceable. This may limit the ability of the Trustee to require the District to turn over to the Trustee Net Revenues and may allow the District to continue to spend Net Revenues for any purpose permitted by law as provided in the Installment Purchase Agreement, free and clear of the lien of the Installment Purchase Agreement, notwithstanding that the District is in bankruptcy.

The District may be able to borrow additional money that is secured by a lien on any of its property (including the Net Revenues), which lien could have priority over the lien of the Installment Purchase Agreement, as long as the bankruptcy court determines that the rights of the Trustee and the owners of the Certificates will be adequately protected. The District may be able to cause some of the Net Revenues to be released to it, free and clear of the lien of the Trust Agreement, as long as the bankruptcy court determines that the rights of the Trustee and the owners of the Certificates will be adequately protected.

The District may be able, without the consent and over the objection of the Trustee and the owners of the Certificates, to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Trust Agreement and the Certificates as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in Installment Payments, and consequently payments on the Certificates, while the court considers any of these issues. There may be other possible effects of a bankruptcy of the District that could result in delays or reductions in Installment Payments, or result in losses to the owners of the Certificates. Regardless of any specific adverse determinations in a District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and value of the Certificates.

#### **Articles XIIC and XIID**

**General.** An initiative measure entitled the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIIC and Article XIID to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property related assessments, fees and charges.”

**Article XIID.** Article XIID defines the terms “fee” and “charge” to mean “any levy other than an ad valorem tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service.” A “property related service” is defined as “a public service having a direct relationship to property ownership.” Article XIID further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIID requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, if and to the extent that a fee or charge imposed by a local government for wastewater service is ultimately determined to be a “fee” or “charge” as defined in Article XIID, the local government’s ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIID includes a number of limitations applicable to existing fees and charges including provisions to the effect that: (a) revenues derived from the fee or charge may not exceed the funds required to provide the property-related service; (b) such revenues may not be used for any purpose other than that for which the fee or charge was imposed; (c) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership may not exceed the proportional cost of the service attributable to the parcel; (d) no such fee or charge may be imposed for a service unless that service is actually used by, or

immediately available to, the owner of the property in question. Property related fees or charges based on potential or future use of a service are not permitted; and (e) no fee or charge may be imposed for general governmental purposes.

Based upon the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the State Supreme Court, it was generally believed that Article XIID did not apply to charges for water services that are “primarily based on the amount consumed” (i.e., metered water rates), which had been held to be commodity charges related to consumption of the service, not property ownership. The Supreme Court stated in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (the “Bighorn Case”), however, that fees for ongoing water service through an existing connection were property-related fees and charges. The Supreme Court specifically disapproved the holding in *Howard Jarvis Taxpayers Association v. City of Los Angeles* that metered water rates are not subject to Proposition 218. The City has complied with the notice and public hearing requirements of Article XIID in establishing Enterprise rates and charges.

**Article XIIC.** Article XIIC provides that the initiative power may not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges is applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge,” so it was unclear whether the definitions set forth in Article XIID referred to above are applicable to Article XIIC. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the Supreme Court held in the Bighorn Case that the provisions of Article XIIC included rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations.

On August 3, 2020, the California Supreme Court issued an opinion in *Wilde v. City of Dunsmuir* (Cal S. Ct S252915) holding that local legislation measures setting water and other utility rates are not subject to challenge by referendum. Referendum allows voters to approve or reject laws before they take effect and is distinct from the Article XIID protest procedures described above and the legal process for initiative measures discussed below.

In any event, the District does not believe that Article XIIC grants to the voters within the District the power to repeal or reduce rates and charges for the wastewater service in a manner which would be inconsistent with the contractual obligations of the District. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the Certificates. Remedies available to beneficial owners of the Certificates in the event of a default are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain. So long as the Certificates are held in book-entry form, DTC (or its nominee) will be the sole registered owner of the District and the rights and remedies of the Certificate Owners will be exercised through the procedures of DTC.

## **Proposition 26**

Proposition 26 was approved by the electorate at the November 2, 2010 election and amended California Constitution Articles XIII A and XIIC. The proposition imposes a two-thirds voter approval requirement for the imposition of fees and charges by the State. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two-thirds voter approval requirement with respect to fees and charges for special purposes. Proposition 26, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters in California Constitution Articles XIII A, XIIC and XIID pursuant to Proposition 13, approved in 1978, Proposition 218, approved in 1996, and other measures through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the State or local government of providing the service or product to the payor. Proposition 26 applies to charges imposed or

increased by local governments after the date of its approval. The District believes its Enterprise rates and charges are not taxes under Proposition 26. The District is unable to predict at this time how Proposition 26 will be interpreted by the courts or what its ultimate impact will be.

### **Constitutional Limitations on Appropriations and Fees**

Under Article XIII B of the California Constitution, as amended, state and local government entities have an annual “appropriations limit” which limits their ability to spend certain moneys called “appropriations subject to limitation,” which consist of tax revenues, certain state subventions and certain other moneys, including user charges to the extent they exceed the costs reasonably borne by the entity in providing the service for which it is levying the charge. The District is of the opinion that the user charges of the Enterprise imposed by the District do not exceed the costs the District reasonably bears in providing the wastewater service. In general terms, the “appropriations limit” is to be based on certain 1978/79 expenditures, and is to be adjusted annually to reflect changes in the consumer price index, population, and services provided by these entities. Among other provisions of Article XIII B, if an entity’s revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The District’s current “appropriations limit” for fiscal year 2021-22 is \$6,799,540 and its “appropriations subject to limitation” for fiscal year 2021-22 is \$35,035.

### **Future Initiatives**

Articles XIII B, XIII C and XIII D were adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time other initiatives have been and could be proposed and adopted affecting the Enterprise’s revenues or ability to increase revenues. Neither the nature and impact of these measures nor the likelihood of qualification for ballot or passage can be anticipated by the District.

### **Loss of Tax-Exemption**

As highlighted under the heading “TAX MATTERS,” the interest component of the Installment Payments could become includable in gross income for purposes of federal income taxation retroactive to the date the Certificates were executed and delivered, as a result of future acts or omissions of the District in violation of its covenants in the Installment Purchase Agreement and the Trust Agreement.

Should such an event of taxability occur, the Certificates are not subject to special prepayment and will remain Outstanding until maturity or until prepaid under other provisions set forth in the Trust Agreement.

### **Secondary Market for the Certificates**

There can be no guarantee that there will be a secondary market for the Certificates or, if a secondary market exists, that any Certificates can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the Certificates will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Certificates for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Certificates or obligations that present similar tax issues as the Certificates.

## **Limited Obligations**

No fund, other than the fund comprised of the net revenues of the Enterprise (as defined herein) is liable for the payment of the Certificates or their interest or premium, if any, nor is the credit or taxing power of the District pledged for the payment of the Certificate or their interest or premium, if any. The Owners of the Certificates shall not compel the exercise of the taxing power by the District or the forfeiture of any of its property. The principal of and interest with respect to the Certificates and any premiums upon the prepayment of any thereof are not a debt of the District nor a legal or equitable pledge, charge, lien, or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues, except the Net Revenues which are, under the terms of the Installment Purchase Agreement, pledged to the payment of the Installment Payments. The District may (but is not legally obligated to) advance funds for the payment of interest or principal or for the performance of any covenants, provided that such funds are derived from a source legally available for such purpose and may be used by the District for such purpose without incurring indebtedness.

## **Forecasts**

Although the District believes that the projections herein of future operating results of the Enterprise are reasonable, there can be no assurance that operating results will match the projections due to changes in general economic conditions and similar factors. In addition, the Enterprise and economic development within the service area of the District are subject to federal, State and local regulations. There can be no assurance that the Enterprise will not be adversely affected by future economic conditions, governmental policies or other factors beyond the control of the District.

## **THE CORPORATION**

The Nipomo Community Services District Public Facilities Corporation is a California nonprofit public benefit corporation, formed in March 2003 for the purpose of providing assistance to public agencies in acquiring capital improvements. Under its articles of incorporation, the Corporation has all powers conferred upon nonprofit public benefit corporations by the laws of the State, provided that it will not engage in any activity other than that which is necessary or convenient for, or incidental to the purposes for which it was formed.

The Corporation is a separate legal entity from the District. It is governed by a five member Board of Directors. The Corporation has no employees. All staff work is performed by employees of the District. The members of the Corporation's Board of Directors are the Board of Directors of the District. The District's General Manager and other District employees are available to provide staff support to the Corporation.

## **FORWARD-LOOKING STATEMENTS**

This Official Statement contains certain "forward-looking statements" concerning the Enterprise and the operations, performance and financial condition of the District, including their future economic performance, plans and objectives and the likelihood of success in developing and expanding. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of the District. The words "may," "would," "could," "will," "expect," "anticipate," "believe," "intend," "plan," "estimate" and similar expressions are meant to identify these forward-looking statements. Results may differ materially from those expressed or implied by these forward-looking statements.

## **ABSENCE OF LITIGATION**

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending with respect to which proper notice has been duly served upon and received by the District, or to the best knowledge of the District, threatened against the District affecting the existence of the District or the titles of its directors or officers to their offices or seeking to restrain or to enjoin the sale or delivery of the Certificates, the application of the proceeds thereof in accordance with the Trust



Agreement, or in any way contesting or affecting the validity or enforceability of the Certificates, the Trust Agreement, the Installment Purchase Agreement or any action of the District contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement, or contesting the powers of the District or its authority with respect to the Certificates or any action of the District contemplated by any of said documents, nor, to the knowledge of the District is there any basis therefor.

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending with respect to which proper notice has been duly served upon and received by the District, or to the best knowledge of the District, threatened against the District contesting or affecting the ability of the District to collect amounts from which Installment Payments are payable, or which would have a material adverse effect on the District's ability to make Installment Payments.

## **TAX MATTERS**

### **Federal Tax Exemption**

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Special Counsel to the District, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance by the District with certain covenants in the Trust Agreement, the Installment Purchase Agreement, the Tax Certificate and other documents pertaining to the Certificates and requirements of the Internal Revenue Code of 1986 (the "Code") regarding the use, expenditure and investment of proceeds of the Certificates and the timely payment of certain investment earnings to the United States, the portion of each Installment Payment representing interest and distributable in respect of any Certificate is not included in the gross income of the owners of the Certificates for federal income tax purposes. Failure to comply with such covenants and requirements may cause the portion of each Installment Payment representing interest and distributable in respect of any Certificate to be included in gross income retroactive to the date of execution and delivery of the Certificates.

In the further opinion of Special Counsel, the portion of each Installment Payment representing interest and distributable in respect of any Certificate is not treated as an item of tax preference for purposes of the federal alternative minimum tax.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Special Counsel expresses no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the Certificates should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Trust Agreement, the Tax Certificate or other documents pertaining to the Certificates may be changed, and certain actions may be taken or not taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Special Counsel expresses no opinion as to the effect of any change to any document pertaining to the Certificates or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Norton Rose Fulbright US LLP or in reliance upon the advice of counsel other than Norton Rose Fulbright US LLP with respect to the exclusion from gross income of the portion of each Installment Payment representing interest and distributable in respect of any Certificate for federal income tax purposes.

Special Counsel's opinion is not a guarantee of result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and judicial decisions and the representations and

covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Special Counsel, and Special Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of examining the tax-exempt status of the interest on municipal obligations. If an examination of the Certificates is commenced, under current procedures the IRS is likely to treat the District as the "taxpayer," and the owners of the Certificates would have no right to participate in the examination process. In responding to or defending an examination of the tax-exempt status of the portion of each Installment Payment representing interest and distributable in respect of any Certificate, the District may have different or conflicting interests from the owners. Additionally, public awareness of any future examination of the Certificates could adversely affect the value and liquidity of the Certificates during the pendency of the examination, regardless of its ultimate outcome.

### **Tax Accounting Treatment of Bond Premium and Original Issue Discount**

*Bond Premium.* To the extent a purchaser acquires a Certificate at a price in excess of the amount payable at its maturity, such excess will constitute "bond premium" under the Code. The Code and applicable Treasury Regulations provide generally that bond premium on a tax-exempt obligation is amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations) based on the obligation's yield to maturity (or shorter period in the case of certain callable obligations). The amount of premium so amortized reduces the owner's basis in such obligation for federal income tax purposes, though such amortized premium is not deductible for federal income tax purposes. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. Special Counsel is not opining on the accounting for bond premium or the consequence to a Certificate purchaser of purchasing a Certificate with bond premium. Accordingly, persons considering the purchase of Certificates with bond premium should consult with their own tax advisors with respect to the determination of bond premium on such Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Certificates.

*Original Issue Discount.* The excess, if any, of the stated redemption price at maturity of Certificates of a particular maturity over the initial offering price to the public of the Certificates of that maturity at which a substantial amount of the Certificates of that maturity is sold to the public is "original issue discount." Original issue discount accruing on a Certificate is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes under the same conditions and limitations as are applicable to interest payable on such Certificate. Original issue discount on a Certificate or a particular maturity purchased pursuant to the initial public offering at the initial public offering price at which a substantial amount of the Certificates of that maturity is sold to the public accrues on a semiannual basis over the term of the Certificate on the basis of a constant yield; and within each semiannual period accrues on a ratable daily basis. The amount of original issue discount on a Certificate accruing during each period is added to the adjusted basis of such Certificate, which will affect the amount of taxable gain upon disposition (including sale, redemption or payment on maturity) of such Certificate. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers that purchase Certificates other than at the initial offering price. Special Counsel is not opining on the accounting for or consequence to a Certificate purchaser of purchasing a Certificate with original issue discount. Accordingly, persons considering the purchase of Certificates with original issue discount should consult with their own tax advisors with respect to the determination of original issue discount on such Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Certificates.

### **Information Reporting and Backup Withholding**

Interest paid on the Certificates will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of the portion of each Installment Payment representing interest and distributable in respect of any Certificate to be subject to backup withholding if such interest is paid to beneficial owners who (a) are

not “exempt recipients,” and (b) either fail to provide certain identifying information (such as the beneficial owner’s taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner’s federal income tax liability so long as the required information is furnished to the IRS.

### **State Tax Exemption**

In the further opinion of Special Counsel, the portion of each Installment Payment representing interest and distributable in respect of any Certificate is exempt from personal income taxes imposed by the State of California.

### **Future Developments**

Existing law may change to reduce or eliminate the benefit to owners of the Certificates of the exclusion of the portion of each Installment Payment representing interest and distributable in respect of any Certificate from gross income for federal income tax purposes or of the exemption of the portion of each Installment Payment representing interest and distributable in respect of any Certificate from State of California personal income taxation. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors with respect to any proposed or future change in tax law.

A copy of the form of opinion of Special Counsel relating to the Certificates is included in APPENDIX D hereto.

### **UNDERWRITING**

\_\_\_\_\_ (the “Initial Purchaser”) has purchased the Certificates from the District at a competitive sale for a purchase price of \$\_\_\_\_\_ (representing the aggregate principal amount of the Certificates, plus a net premium of \$\_\_\_\_\_, and less an Initial Purchaser’s discount of \$\_\_\_\_\_). The public offering prices may be changed from time to time by the Initial Purchaser. The Initial Purchaser may offer and sell Certificates to certain dealers and others at prices lower than the offering prices shown on the inside cover page hereof.

### **RATING**

S&P Global Ratings (“S&P”) has assigned a rating of “\_\_\_” to the Certificates. A rating reflects only the views of the rating agency assigning such rating at the time such rating is issued and an explanation of the significance of such rating may be obtained from the rating agency furnishing the same. The rating is not a recommendation to buy, sell or hold the Certificates; and there is no assurance that such rating will continue for any given period of time or will not be revised downward or withdrawn entirely by such rating agency, if in its judgment circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates. Neither the District nor the Underwriters has undertaken any responsibility to maintain such rating, to bring to the attention of the registered owners as the Beneficial Owners of the Certificates any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

### **CONTINUING DISCLOSURE**

The District has covenanted for the benefit of holders and beneficial owners of the Certificates (a) to provide certain financial information and operating data (the “Annual Report”) relating to the District and the property in the District not later than February 1 of each year, commencing with February 1, 2023 for the report

for the 2021-22 Fiscal Year, and (b) to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the Trustee on behalf of the District, with the Municipal Securities Rulemaking Board. The notices of enumerated events will be filed by the Trustee on behalf of the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in the Continuing Disclosure Certificate. See APPENDIX E – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Initial Purchaser in complying with S.E.C. Rule 15c2-12 (the “Rule”).

The District is, or was during the past five years, responsible for providing continuing disclosure with respect to the three bond issues. In conjunction with the delivery of the Certificates, a continuing disclosure compliance review with respect was conducted with respect to the three bond issues. During the course of review, it was determined that during the past five years, the District inadvertently failed to state the balance in the reserve funds for the two water bond issues in their annual reports, which were funded with reserve sureties. All remedial filings have been made. The District believes that its procedures with the Dissemination Agent will be sufficient in the normal due course to assure substantial compliance with its continuing disclosure undertakings in the future, including the Continuing Disclosure Certificate with respect to the Certificate.

### **LEGAL MATTERS**

Legal matters incident to the authorization, execution, delivery and sale of the Certificates are subject to approval by Norton Rose Fulbright US LLP, Los Angeles, California, Special Counsel, whose opinion is expected to be delivered in substantially the form set forth in Appendix D hereto. Certain legal matters will be passed upon for the District and the Corporation by Richards Watson & Gershon, A Professional Corporation, San Luis Obispo, California, Counsel to the District and Norton Rose Fulbright US LLP, Disclosure Counsel.

### **MUNICIPAL ADVISOR**

Columbia Capital Management LLC, Carlsbad, California, an independent financial consulting firm, has served as Municipal Advisor to the District with respect to the sale of the Certificates. The Municipal Advisor has advised the District as to the financial structure and certain other financial matters relating to the Certificates and has assisted the District in the review of this Official Statement. The information set forth herein has been obtained by the District from sources which are believed to be reliable, but such information is not guaranteed by the Municipal Advisor as to accuracy or completeness, nor has it been independently verified.

### **FINANCIAL STATEMENTS**

The general purpose financial statements of the District for the fiscal year ended June 30, 2021 included in Appendix B to this Official Statement, have been included in reliance upon the report of Rogers, Anderson, Malody & Scott, LLP (the “Auditor”), San Bernardino, California, independent certified public accountant, and upon the authority of such as an expert in accounting and auditing. The Auditor was not requested to consent to the inclusion of its report in Appendix B and it has not undertaken to update financial statements included in Appendix B. No opinion is expressed by the Auditor with respect to any event subsequent to its report.

### **MISCELLANEOUS**

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact and no representation is made that any such estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Certificates.

The execution and delivery of this Official Statement has been duly authorized by the District.

By: \_\_\_\_\_  
District Manager

## APPENDIX A

### COUNTY OF SAN LUIS OBISPO DEMOGRAPHIC AND ECONOMIC DATA

The following information concerning the County of San Luis Obispo is presented as general background data. The Installment Payments are payable solely from Net Revenues and other sources described herein (see "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES"). The taxing power of the County of San Luis Obispo, the State of California or any political subdivision thereof is not pledged to the payment of the Installment Payments. See the information under the caption "THE CERTIFICATES."

#### Introduction

The County of San Luis Obispo (the "County") was formed in 1850 as a general law county, pursuant to the established general laws of the State of California. A five-member Board of Supervisors, elected for four-year terms in district nonpartisan elections, governs the County. The seven incorporated cities in the County are Paso Robles, Atascadero, Morro Bay, San Luis Obispo, Pismo Beach, Arroyo Grande, and Grover Beach which comprise approximately 57% of the total population in the County.

#### Population

According to the Department of Finance estimates, the population in the County remained relatively stable over the last five years.

#### Population of San Luis Obispo County and Incorporated Cities (As of January 1)

Area	2017	2018	2019	2020	2021
Arroyo Grande	17,828	17,792	17,757	17,617	17,555
Atascadero	30,379	30,267	30,300	30,042	29,623
El Paso de Robles	31,249	31,185	31,149	31,245	31,073
Grover Beach	13,465	13,415	13,304	13,204	13,128
Morro Bay	10,392	10,333	10,235	10,151	10,121
Pismo Beach	8,282	8,271	8,272	8,191	8,108
San Luis Obispo (city)	46,270	46,075	45,972	45,916	46,058
SUBTOTAL	157,865	157,338	156,989	156,366	155,666
Unincorporated	120,496	120,912	120,861	120,452	115,506
TOTAL	278,361	278,250	277,850	276,818	271,172

Source: State of California, Department of Finance; Table 2: E-4 Population Estimates for Cities, Counties and State, 2016-2020 with 2010 Census Benchmark, Sacramento, California, May 2021.

#### Industry and Employment

The following table compares estimates of the labor force, civilian employment and unemployment for Nipomo residents, County residents, State residents and United States residents between 2016 through 2020. The not seasonally adjusted unemployment rate for [November 2021] for the County, State and United States was [3.6]%, [5.4]% and 3.9%.

**County of San Luis Obispo  
Civilian Labor Force, Employment and Unemployment  
Annual Average for Years 2016 Through 2020**

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
<b>2016</b>				
Nipomo	9,300	8,800	500	5.0%
County	139,500	133,400	6,000	4.3
State	19,012,000	17,965,400	1,046,600	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
<b>2017</b>				
Nipomo	9,100	8,700	400	4.2%
County	140,300	135,300	5,100	3.6
State	19,173,800	18,246,800	927,000	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
<b>2018</b>				
Nipomo	9,000	8,600	400	4.4%
County	140,100	135,900	4,200	3.0
State	19,263,900	18,442,400	821,500	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
<b>2019</b>				
Nipomo	8,800	8,400	300	4.0%
County	139,600	135,500	4,100	2.9
State	19,353,700	18,550,500	803,200	4.2
United States	163,539,000	157,538,000	6,001,000	3.7
<b>2020</b>				
Nipomo	8,500	7,600	900	10.2%
County	132,700	122,500	10,200	7.7
State	18,821,200	16,913,100	1,908,100	10.1
United States	160,742,000	147,795,000	12,947,000	8.1

† Preliminary. Data is not seasonally adjusted. The unemployment data for the County and State is calculated using unrounded data.

Source: State Employment Development Department, Labor Market Information Division, and U.S. Bureau of Labor Statistics.

The largest industries in the County, in terms of the percentage of employment in each respective industry, are estimated by the State Employment Development Department as follows:

**County of San Luis Obispo  
Employment by Industry Group  
Annual Averages**

Industry Employment <sup>(1)</sup>	2016	2017	2018	2019	2020
Agriculture	4,800	5,200	5,200	5,000	4,800
Mining, Logging and Construction	7,200	7,500	7,900	8,300	8,300
Manufacturing	7,000	7,300	7,700	7,800	7,300
Trade, Transportation, & Utilities	21,000	21,100	20,900	20,500	18,800
Information	1,300	1,300	1,200	1,200	1,100
Finance, Insurance, and Real Estate	3,800	3,900	3,900	3,900	3,700
Professional and Business Services	10,500	10,700	10,900	11,200	10,500
Education and Health Services	17,000	17,400	17,700	18,200	16,800
Leisure and Hospitality	18,500	19,100	19,200	19,800	15,200
Other Services	3,800	4,000	4,000	4,100	3,300
Government	23,900	24,100	24,300	24,500	23,300
<b>TOTAL<sup>(2)</sup></b>	<b>118,800</b>	<b>121,500</b>	<b>122,800</b>	<b>124,400</b>	<b>113,300</b>

(1) Based on place of work.

(2) "Total" may not be precise due to independent rounding.

Source: State of California, Employment Development Department.

**Agriculture**

The County is comprised of approximately 2,126,240 acres, of which approximately 1,389,350 acres (representing 65.3%) are zoned for agricultural uses. The value of agricultural production since 2016 is set forth in the table below.

**County of San Luis Obispo  
Value of Agricultural Production  
Calendar Years 2016 Through 2020  
(In Thousands)**

	2016	2017	2018	2019	2020
Strawberries	\$241,282	\$228,169	\$268,356	\$271,431	\$287,562
Wine Grapes	242,900	267,662	276,002	254,273	218,238
Avocados	44,628	27,295	46,145	38,875	47,169
Cattle and Calves	39,984	43,241	43,761	35,446	43,077
Vegetable Transplants	34,195	33,119	35,245	35,467	33,305
Broccoli	43,878	42,996	48,348	47,659	31,107
Cauliflower	16,334	23,253	30,122	31,339	30,877
Head Lettuce	19,582	17,477	25,734	23,422	24,860
Cut Flowers	29,547	27,165	36,538	26,996	21,284
Lemons	16,008	16,016	24,548	21,376	16,803
<b>Top Ten Crops Subtotal</b>	<b>728,338</b>	<b>726,393</b>	<b>834,799</b>	<b>786,284</b>	<b>754,282</b>
<b>All Other Crops</b>	<b>201,592</b>	<b>198,305</b>	<b>200,700</b>	<b>192,725</b>	<b>224,393</b>
<b>TOTAL</b>	<b>\$929,930</b>	<b>\$924,698</b>	<b>\$1,035,499</b>	<b>\$979,009</b>	<b>\$978,675</b>

Source: San Luis Obispo County Department of Agriculture/Weights and Measures.



## Major Employers

The following table provides a listing of major employers headquartered or located in the County and their estimated full-time equivalent (FTE) employment levels.

### County of San Luis Obispo Major Employers

Employer	Product or Service	Estimated No. of Employees
California Polytechnic State University, SLO	Education	3,000
County of San Luis Obispo	Government	2,920
Atascadero State Hospital	Health Services	2,000
Pacific Gas and Electric Company	Utility	1,866
California Men's Colony	Correction Institution	1,517
Cal Poly Corporation	Education	1,400
Tenet Healthcare	Health Services	1,305
Compass Health Inc.	Health Services	1,200
Lucia Mar Unified School District	Education	1,000
Paseo Robles Public Schools	Education	935

*Sources: County of San Luis Obispo 2019-20 Comprehensive Financial Report.*

## Personal Income

The United State Department of Commerce, Bureau of Economic Analysis (the "BEA") produces economic accounts statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy.

The BEA defines "personal income" as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau's annual midyear population estimates.

The table below presents the latest available total personal income and per capita personal income for the County, the State and the nation for the calendar years 2016 through 2020.

**County of San Luis Obispo, State of California and United States  
Personal Income  
Calendar Years 2016 Through 2020<sup>(1)</sup>**

<b>Year and Area</b>	<b>Personal Income (millions of dollars)</b>	<b>Per Capita Personal Income(dollars)</b>
<b>2020<sup>(1)</sup></b>		
County	\$ 17,596	\$62,342
State	2,763,312	70,192
United States	19,607,447	59,510
<b>2019</b>		
County	\$ 17,271	\$61,004
State	2,633,925	66,661
United States	18,599,062	56,663
<b>2018</b>		
County	\$ 16,612	\$58,491
State	2,514,129	63,711
United States	17,813,035	54,526
<b>2017</b>		
County	\$ 15,736	\$55,635
State	2,370,112	60,219
United States	16,870,106	51,910
<b>2016</b>		
County	\$ 14,955	\$54,041
State	2,263,890	57,801
United States	16,111,636	49,890

(1) Most recent year for which annual data for the County, the State and the nation is available.  
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

**Assessed Value, Tax Levy and Delinquencies**

County assessed valuations and tax levies and delinquencies as of June 30 for the past ten Fiscal Years are shown in the tables below.

**County of San Luis Obispo  
Assessed Valuations  
Fiscal Years 2011 Through 2020  
(\$ in thousands)**

<b>Fiscal Year</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Exemptions</b>	<b>Net Assessed Valuation</b>	<b>% Change</b>
2010-11	\$41,846,720	\$1,118,384	\$ (927,194)	\$42,037,910	-0.9%
2011-12	41,223,923	1,081,597	(965,089)	41,340,431	-1.7
2012-13	41,667,316	1,138,202	(1,009,234)	41,796,284	1.1
2013-14	42,900,845	1,195,631	(1,036,531)	43,059,945	3.0
2014-15	45,288,599	1,230,775	(1,093,212)	45,426,162	5.5
2015-16	48,037,099	1,257,845	(1,122,568)	48,172,375	6.0
2016-17	50,458,742	1,362,539	(1,173,683)	50,647,598	5.1
2017-18	53,278,739	1,386,183	(1,248,961)	53,415,961	5.5
2018-19	56,147,148	1,420,625	(1,305,110)	56,262,663	5.3
2019-20	58,382,427	2,345,033	(1,277,412)	59,540,048	5.8

Source: County of San Luis Obispo Auditor-Controller's Office, Property Tax Division.

**County of San Luis Obispo**  
**Summary of Property Tax Collections and Delinquencies**  
**Fiscal Years 2010-11 through 2018-19**  
(\$ in thousands)

<b>Fiscal Year (June 30)</b>	<b>Total Levy</b>	<b>Collected Amount</b>	<b>Delinquent Amount<sup>†</sup></b>	<b>% Levy Delinquent</b>
2009-10	\$412,698	\$398,951	\$13,747	3.33%
2010-11	408,623	397,830	10,793	2.64
2011-12	403,472	396,238	7,234	1.79
2012-13	405,225	399,807	5,418	1.34
2013-14	421,140	416,450	4,690	1.11
2014-15	447,088	442,330	4,758	1.06
2015-16	470,629	466,465	4,164	0.88
2016-17	495,277	490,890	4,387	0.89
2017-18	522,528	517,777	4,751	0.91
2018-19	549,869	544,994	4,874	0.89
2019-20	573,449	564,422	9,027	1.57

<sup>†</sup> Property taxes are due in two installments and become delinquent on December 10, with respect to the installment due on November 1 and on April 10, with respect to the installment due on February 1.

Source: County Auditor-Controller.

**Principal Taxpayers**

Assessed values for the principal taxpayers totaled over \$3.6 billion, or 6.18% of the County's 2019-20 Net Assessed Valuations. The principal largest taxpayers in the County, as shown on the Fiscal Year 2019-20 secured tax roll, and the approximate amounts of their assessed values within the County are shown in the table below.

**County of San Luis Obispo  
Principal Taxpayers  
Fiscal Year 2019-20**

Company	Type of Business	2019-20 Assessed Value (in thousands)†	% of Total
Pacific Gas and Electric	Utility	\$ 2,001,973	3.37%
High Plans Ranch II LLC	Solar Ranch	823,210	1.38
Phillips 66 Company	Oil Refinery	164,954	0.28
Southern California Gas Company	Utility	119,954	0.20
Jamestown Premier	Commercial	115,503	0.19
CAP VIII Mustang Village LLC	Apartments	94,503	0.16
E&J Gallo Winery/Vineyards	Winery	93,204	0.16
Treasury Wines Estates	Winery	92,493	0.16
Firestone Walker LLC	Brewery	90,903	0.15
Sierra Vista Hospital	Hospital	78,296	0.13
Subtotal		\$ 3,674,991	6.18%
Remaining taxpayers		\$55,865,057	93.82%
TOTAL		\$59,540,048	100.00%

† Excludes exempt publicly owned property, State assessed property and property subject to special taxes.  
Source: County of San Luis Obispo Auditor-Controller's Office.

**Commercial Activity**

Commercial activity is an important contributor to San Luis Obispo County's economy. The following table estimates the County's commercial activity between calendar years 2016 through 2020.

**County of San Luis Obispo  
Trade Outlets and Taxable Sales  
for Calendar Years 2016-2020<sup>(1)</sup>  
(\$ in Thousands)**

Taxable Retail Sales	2016	2017	2018	2019	2020 <sup>(1)</sup>
Motor Vehicle & Parts Dealer	\$ 633,200	\$ 664,737	\$ 661,237	\$ 653,526	\$694,447
Home Furnishings & Appliances Store	160,801	160,917	166,561	150,050	155,242
Bldg Mater. & Garden Equip. & Supplies	377,911	410,711	433,830	427,121	496,270
Food and Beverage Stores	273,525	290,285	300,376	314,628	336,996
Gasoline Stations	395,974	416,298	475,355	476,941	350,922
Clothing & Clothing Accessories Store	246,464	252,651	254,959	250,271	205,501
General Merchandise Store	369,328	372,525	369,245	371,209	363,641
Food Services & Drinking Places	652,261	673,027	687,249	711,919	561,561
Other Retail	463,720	489,289	516,389	569,176	840,924
Total Retail & Food Services	3,573,185	3,730,441	3,865,203	3,924,841	4,005,502
All Other Outlets	1,486,038	1,610,949	1,551,129	1,576,453	1,475,211
TOTAL ALL OUTLETS	\$5,059,223	\$5,341,390	\$5,416,332	\$5,501,294	\$5,480,713

(1) Most recent annual data available.

Source: Taxable Sales in California (Sales and Use Tax) Annual Reports, California State Board of Equalization.

## Construction Activity

The total valuation of building permits issued in the County as estimated by the Construction Industry Research Board was approximately \$379 million for calendar year 2020. The following table provides an estimated building permit valuation summary for calendar years 2016 through 2020.

**County of San Luis Obispo  
Building Permit Valuation  
for Calendar Years 2016 - 2020  
(\$ in thousands)**

Year	Residential			Nonresidential	Total <sup>(2)</sup>
	Single Family	Multifamily	Valuation <sup>(1)</sup>	Valuation	
2016	531	283	\$279,712	\$157,487	\$437,199
2017	696	445	328,232	120,402	448,633
2018	636	207	267,300	167,767	435,068
2019	697	204	410,042	131,602	541,644
2020	847	79	300,174	78,776	378,951

(1) Includes the value of residential alterations and additions.

(2) Total represents the sum of residential and nonresidential building permit valuations. Columns may not total due to independent rounding.

Source: Construction Industry Research Board.

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**APPENDIX C**  
**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

**APPENDIX D**

**FORM OF APPROVING OPINION OF SPECIAL COUNSEL**

*Upon the execution and delivery of the Certificates, Norton Rose Fulbright US LLP, Los Angeles, California, Special Counsel to the District, will render its final approving opinion with respect to the Certificates in substantially the following form:*

[Date of Delivery]

Nipomo Community Services District  
148 South Wilson Street  
Nipomo, California 93444

\$ \_\_\_\_\_  
Nipomo Community Services District  
Wastewater Revenue Certificates of Participation  
Series 2022

Ladies and Gentlemen:

We have acted as Special Counsel in connection with the \$ \_\_\_\_\_ aggregate principal amount of Nipomo Community Services District Wastewater Revenue Certificates of Participation, Series 2022 (the "Certificates") which are certificates of participation that evidence direct, fractional undivided interests of the Owners thereof in the installment payments (the "Installment Payments"), and the interest thereon, to be made by the Nipomo Community Services District (the "District") pursuant to the Installment Purchase Agreement, dated as of March 1, 2022 (the "Installment Purchase Agreement"), by and between the District and the Nipomo Community Services District Public Facilities Corporation (the "Corporation"). Installment Payments under the Installment Purchase Agreement are payable solely from Net Revenues as provided in the Installment Purchase Agreement, consisting primarily of all income and revenue received by the District from the operation or ownership of the Town Division wastewater system of the District (the "Enterprise") remaining after payment of Operation and Maintenance Costs. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Installment Purchase Agreement.

The Certificates are to be executed and delivered pursuant to a Trust Agreement, dated as of March 1, 2022 (the "Trust Agreement"), by and among the District, the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Proceeds from the sale of the Certificates, together with other funds of the District, will be used to (i) prepay the installment payments relating to the District's Revenue Certificates of Participation (Southland Wastewater Project), Series 2012 (the "Prior Obligations"), (ii) fund a portion of the costs of certain capital improvements to the Enterprise, and (iii) pay the costs incurred in connection with the execution and delivery of the Certificates.

As Special Counsel, we have examined copies certified to us as being true and complete copies of the Trust Agreement and the Installment Purchase Agreement and the proceedings of the District in connection with the execution and delivery of the Certificates. We have also examined such certificates of officers of the District, the Corporation and others as we have considered necessary for the purposes of this opinion.



Based upon the foregoing, we are of the opinion that:

1. The Installment Purchase Agreement and the Trust Agreement each has been duly and validly authorized, executed and delivered by the District and, assuming the Installment Purchase Agreement and the Trust Agreement each constitutes the legally valid and binding obligation of the other parties thereto, each constitutes the legally valid and binding obligation of the District, enforceable against the District in accordance with its respective terms.

2. The obligation of the District to pay the Installment Payments, and the interest thereon, and other payments required to be made by it under the Installment Purchase Agreement is a special obligation of the District payable, in the manner provided in the Installment Purchase Agreement, solely from Net Revenues and other funds provided for in the Installment Purchase Agreement lawfully available therefor.

3. Assuming due authorization, execution and delivery of the Trust Agreement and the Certificates by the Trustee, the Certificates are entitled to the benefits of the Trust Agreement.

4. Under existing statutes, regulations, rulings and judicial decisions, and assuming compliance by the District with certain covenants in the Trust Agreement, the Tax Certificate and other documents pertaining to the Certificates and requirements of the Internal Revenue Code of 1986 regarding the use, expenditure and investment of proceeds of the Certificates and the timely payment of certain investment earnings to the United States, the portion of each Installment Payment representing interest and distributable in respect of any Certificate is not includable in the gross income of the owners of the Certificates for federal income tax purposes. Failure to comply with such covenants and requirements may cause the portion of each Installment Payment representing interest and distributable in respect of any Certificate to be included in gross income retroactive to the date of execution and delivery of the Certificates.

5. Under existing law, the portion of each Installment Payment representing interest and distributable in respect of any Certificate is not treated as an item of tax preference for purposes of the federal alternative minimum tax.

6. Under existing law, the portion of each Installment Payment representing interest and distributable in respect of any Certificate is exempt from personal income taxes imposed by the State of California.

Except as stated in paragraphs 4, 5 and 6 above, we express no opinion as to any federal or state tax consequence of the ownership or disposition of the Certificates. Further, certain requirements and procedures contained or referred to in the Trust Agreement, the Installment Purchase Agreement or in other documents pertaining to the Certificates may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect of any change to any document pertaining to the Certificates or of any action taken or not taken where such change is made or action is taken or not taken without our approval or in reliance upon the advice of counsel other than ourselves with respect to the exclusion from gross income of the portion of each Installment Payment representing interest and distributable in respect of any Certificate for federal income tax purposes.

The rights of the owners of the Certificates and the enforceability of the Certificates, the Trust Agreement and the Installment Purchase Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases. The enforceability of the Certificates, the Trust Agreement and the Installment Purchase Agreement is subject

to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in California.

No opinion is expressed herein on the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Certificates.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Nipomo Community Services District (the “Issuer”) in connection with the issuance of Nipomo Community Services District Wastewater Revenue Certificates of Participation, Series 2022, in the aggregate principal amount of \$[principal amount] (the “Certificates”). The Certificates are being executed and delivered pursuant to a Resolution adopted by the Board of Directors of the Issuer on February \_\_, 2022, and a Trust Agreement dated as of March 1, 2022 (the “Trust Agreement”) by and among the Issuer, the Nipomo Community Services District Public Facilities Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Issuer and Dissemination Agent hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriter in complying with SEC Rule 15c2-12(b)(5), as amended.

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean Special District Financing & Administration, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“Participating Underwriter” shall mean \_\_\_\_\_.

“Repository” shall mean the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, by February 1 of each year, commencing February 1, 2023, provide to the Repository, in an electronic format as prescribed by the Municipal Securities Rulemaking Board, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under

Section 5(c).

(b) If the Issuer is unable to provide to the Repository or the Dissemination Agent an Annual Report by the date required in subsection (a), the Issuer shall in a timely manner send a notice to the Municipal Securities Rulemaking Board, in an electronic format as prescribed by the Municipal Securities Rulemaking Board, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) confirm the electronic filing requirements of the Municipal Securities Rulemaking Board for the Annual Report; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements of the Issuer prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, together with the following statement: THE ISSUER'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE ISSUER ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE CERTIFICATES, AND THE ISSUER IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE ISSUER IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE CERTIFICATES.

(b) To the extent not included in the financial statements, the following updates to the information contained in the tables with the headings in the Official Statement for the Fiscal Year as specified:

1. Table 1: Historical Sewer Rate Structure;
2. Table 4: Historical Capacity Charges;
3. Table 5: Historical Residential Sewer Connections;
4. Table 6: Number of Active Account/Connections by Category;
5. Table 7: Ten Largest Customers; and
6. Table 9: Historical Revenues;

Such information listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Certificates in a timely manner not more than ten (10) business days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and
10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, trustee or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material:

1. unless described in paragraph 5(a)(5) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the interest component of the Installment Payments distributable through the Certificates or other material events affecting the tax status of the interest component of the Installment Payments distributable through the Certificates;
2. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions,

other than pursuant to its terms;

3. appointment of a successor or additional trustee or the change of the name of a trustee;
4. nonpayment related defaults;
5. modifications to the rights of Owners of the Certificates;
6. notices of prepayment;
7. release, substitution or sale of property securing repayment of the Installment Payments;  
and
8. incurrence of a financial obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Certificateholders.

(c) Upon the occurrence of a Listed Event under Section 5(b) above, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with MSRB in a timely manner not more than ten (10) business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the Issuer and that the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

(f) For purposes of the events identified in subparagraphs (a)(10) and (b)(8), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 6. Termination of Reporting Obligation. The Issuer's and the Dissemination Agent's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Installment Payments. If such termination occurs prior to the final maturity of the Certificates, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(d).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Special District Financing & Administration.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity nature or status of an obligated person with respect to the Certificates, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Certificates in the manner provided in the Trust Agreement, or (ii) does not, in the opinion of a nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Certificates.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repository in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Trust Agreement or any Supplemental Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment with respect to the Certificates. The

Dissemination Agent has no power to enforce performance on the part of the Issuer. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 13. Notices. Any notice or communication required or permitted hereunder shall be given in writing, sent by (a) personal delivery delivered by a representative of the party giving such notice, or (b) overnight delivery by recognized overnight courier, or (c) United States mail, postage prepaid, registered or certified mail, or facsimile, addressed as follows:

If to the Issuer:

Nipomo Community Services District  
148 S. Wilson Street  
Nipomo, California 93444

or to such other address or to the attention of such other person as hereinafter shall be designated in writing by the applicable party sent in accordance herewith. Any such notice or communication shall be deemed to have been delivered either at the time of personal delivery actually received by the addressee or a representative of the addressee at the address provided above or, if delivered on a business day in the case of delivery service or certified or registered mail, as of the earlier of the date delivered or the date 72 hours following the date deposited in the United States mail at the address provided herein, or if by telecopier, upon electronic confirmation of good receipt by the receiving telecopier.

Section 14. Future Determination of Obligated Persons. In the event that the Securities Exchange Commission amends, clarifies or supplements the Rule in such a manner that requires any landowner within the District to be an obligated person as defined in the Rule, nothing contained herein shall be construed to require the Issuer to meet the continuing disclosure requirements of the Rule with respect to such obligated person and nothing in this Disclosure Certificate shall be deemed to obligate the Issuer to disclose information concerning any owner of land within the District except as required as part of the information required to be disclosed by the Issuer pursuant to Section 4 and Section 5 hereof.

Dated: March \_\_\_\_, 2022

NIPOMO COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_  
General Manager



**EXHIBIT A**

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Nipomo Community Services District  
Name of Issue: \$[principal amount] Nipomo Community Services District Wastewater Revenue Certificates of Participation, Series 2022  
Date of Issuance: March \_\_, 2022

NOTICE IS HERBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Certificates as required by the Trust Agreement dated as of March 1, 2022, by and among the Issuer, the Nipomo Community Services District Public Facilities Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_,

\_\_\_\_\_  
as Dissemination Agent on behalf of Issuer

## APPENDIX F

### BOOK-ENTRY SYSTEM

*The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Certificates, payment of principal, premium, if any, and interest with respect to the Certificates to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Certificates and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Certificates. The Certificates will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each annual maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be

requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Certificates within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Prepayment proceeds, distributions, and dividend payments with respect to the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Certificate Owner shall give notice to elect to have its Certificates purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Certificates by causing the Direct Participant to transfer the Participant's interest in the Certificates, on DTC's records, to the Trustee. The requirement for physical delivery of Certificates in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Certificates are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Certificates to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through

DTC (or a successor securities depository). In that event, Certificates will be printed and delivered to DTC.

JANUARY 26, 2022

ITEM E-1

ATTACHMENT 7

**(See Preliminary Official Statement)**

## **APPENDIX E**

### **FORM OF CONTINUING DISCLOSURE CERTIFICATE**

JANUARY 26, 2022

ITEM E-1

ATTACHMENT 8

**NOTICE OF INTENTION TO SELL**

§ \_\_\_\_\_\*  
**Nipomo Community Services District  
Wastewater Revenue Certificates of Participation  
Series 2022**

NOTICE IS HEREBY GIVEN that the Nipomo Community Services District (the “District”) intends to receive electronic bids until 8:00 A.M., Pacific Standard time, on

**February \_\_, 2022,**

through the use of an electronic bidding service offered by Ipreo, at [www.newissuehome.i-deal.com](http://www.newissuehome.i-deal.com) and the Parity electronic bid submission system, for the purchase of all of the Nipomo Community Services District Wastewater Revenue Certificates of Participation, Series 2022 (the “Certificates”), dated as of the date of initial delivery, and maturing on such dates as described in the related Official Notice Inviting Bids (the “Notice”). No bids will be accepted by facsimile. Bids for less than all of the Certificates will not be accepted. The District reserves the right to postpone the date established for the receipt of bids as more fully described under the paragraph “Cancellation or Postponement” in the Notice.

NOTICE IS HEREBY FURTHER GIVEN that electronic copies of the Notice and the Preliminary Official Statement issued in connection with the sale of the Certificates may be obtained from the District’s municipal advisor, Columbia Capital Management, LLC, 100 N. Brand Blvd., Suite 605, Glendale, CA 91203, Telephone (818) 385-4900, [jpritchard@columbiacapital.com](mailto:jpritchard@columbiacapital.com).

**Nipomo Community Services District**

Dated: February \_\_, 2022

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\* Preliminary, subject to change.



<b>OFFICIAL NOTICE OF SALE</b>
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**\$(PRINCIPAL AMOUNT)\***  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**WASTEWATER REVENUE CERTIFICATES OF PARTICIPATION**  
**SERIES 2022**

NOTICE IS HEREBY GIVEN by the Nipomo Community Services District (the "District") that electronic bids will be received by the District for the purchase of \$(xx)\* principal amount of Nipomo Community Services District Wastewater Revenue Certificates of Participation, Series 2022 (the "Certificates") up to the time specified below. All electronic bids must be submitted via an electronic bidding service offered through I-Deal LLC BIDCOMP/PARITY® System ("PARITY®"). The date and time specified for receipt of bids is as follows:

**February \_\_\_\_\_, 2022**  
**at 8:00 am (PST)**

Electronic bids only will be received through  
I-Deal LLC's BiDCOMP/PARITY® System ("Parity")  
Website: [www.newissuehome.i-deal.com](http://www.newissuehome.i-deal.com)

(or at the election of the District, at such time on any day thereafter, specified by notification through Thomson Municipal News or Bloomberg News Wire at least 24 hours prior to the scheduled date and time of sale) for the purchase of the Certificates. The Certificates are certificates of participation evidencing direct, undivided fractional interests in the Installment Payments (the "Installment Payments"), and the interest thereon, payable by the District pursuant to the Installment Purchase Agreement, dated as of March 1, 2022 (the "Installment Purchase Agreement"), by and between the District and the Nipomo Community Services District Public Facilities Corporation (the "Corporation"). The Certificates will be executed, delivered and sold under the provisions of a Trust Agreement dated as of March 1, 2022 (the "Trust Agreement"), by and among the District, the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") pursuant to the laws of the State of California. The Certificates are more particularly described in the proposed form of the Trust Agreement on file with the District and copies thereof will be furnished to the bidder upon request.

<b>CERTIFICATE RATING</b>
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The Certificates are rated "\_\_\_\_\_" by S&P Global Ratings ("S&P").

<b>DESCRIPTION OF THE CERTIFICATES</b>
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**FORM OF CERTIFICATES:** The Certificates will be executed, delivered and sold in fully registered form in denominations of \$5,000 or authorized integral multiples thereof, to be dated initially as of the date of delivery to the successful bidder.

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\* Preliminary, subject to change.

**MATURITIES\*\*.** The principal payable evidenced by the Certificates is \$(xx).\* The Certificates will be subject to principal amortization on June 1 in each of the years and in the amounts, as set forth in the following table. The final aggregate principal amount of the Certificates, and the final amount of each maturity of the Certificates, shall be subject to increase or reduction as described below under the heading "Adjustment of Principal Amounts." *Each Bidder may specify in its bid whether consecutive maturities will be aggregated into a term Certificate subject to mandatory sinking prepayment in the applicable principal amount set forth below.*

<b>Maturity Date June 1</b>	<b>Principal Amount</b>	<b>Maturity Date June 1</b>	<b>Principal Amount</b>
---------------------------------	-----------------------------	---------------------------------	-----------------------------

**PAYMENT PROVISIONS:** Interest evidenced by the Certificates will be payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2022 (each, an "Interest Payment Date"), to the registered owners by check of the Trustee or, in the case of the owner of Certificates in an aggregate principal amount of at least \$1,000,000, at the written request of such owner by wire transfer to an account in the United States of America. Principal and premium (if any) evidenced by any Certificate will be paid upon presentation and surrender thereof at the corporate trust office of the Trustee in Los Angeles, California, or such other office as may be designated by the Trustee. The principal and premium (if any) of and interest evidenced by the Certificates are payable in lawful money of the United States of America.

**BOOK ENTRY ONLY:** The Certificates will be initially delivered only in book-entry form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Certificates. Individual purchases of the Certificates will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers of Certificates will not receive certificated securities representing their ownership interests in the Certificates purchased. Principal of and interest with respect to the Certificates are payable directly by the Trustee to DTC which is obligated in turn to distribute such payments to the beneficial owners of the Certificates, as provided in the Trust Agreement.

**OPTIONAL PREPAYMENT.** The Certificates with stated Principal Payment Dates on or after June 1, 20\_\_\* are subject to optional prepayment prior to their stated Principal Payment Dates, on any date on or after June 1, 20\_\_\*, in whole or in part, in Authorized Denominations, from and to the extent of prepaid Installment Payments paid pursuant to the Installment Purchase Agreement or from any other source of available funds, any such prepayment to be at a price equal to the principal evidenced by the Certificates to be prepaid, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium.

**PREPAYMENT FROM NET PROCEEDS OF INSURANCE OR CONDEMNATION AWARDS.** The Certificates are subject to prepayment as a whole on any date, or in part on any Interest Payment Date, in the order of stated maturity as directed by the District or (in the event the District has not directed the

\*\* Preliminary, subject to change. See also, "Adjustment of Principal Amounts" herein.

\* Preliminary; subject to change.

order of stated maturity) in inverse order of stated maturity, and by lot within each stated maturity in integral multiples of \$5,000, from prepaid Installment Payments made by the District from Net Proceeds deposited in the Prepayment Account of the Installment Payment Fund and credited towards prepayment made by the District, at a Prepayment Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for prepayment, without premium.

**MANDATORY SINKING PREPAYMENT:** Any bidder may, at its option, specify that one or more maturities of the Certificates will consist of term Certificates which are subject to mandatory prepayment in consecutive years immediately preceding the maturity thereof, as designated in the bid of such bidder. In the event that the bid of the successful bidder specifies that any maturity of Certificates will be termed, such term Certificates will be subject to mandatory prepayment on June 1 in each applicable year in the principal amount for such year as set forth above under the heading "MATURITIES," at a prepayment price equal to the principal amount thereof to be prepaid together with accrued interest with respect thereto to the prepayment date, without premium.

**PURPOSE:** The proceeds from the sale of the Certificates will be used to refinance the District's obligations under an installment sale agreement and cause for the prepayment and defeasance of the District's Revenue Certificates of Participation (Southland Wastewater Project), Series 2012, currently outstanding in the aggregate principal amount of \$8,325,000, and finance the acquisition, construction and installation of certain additional improvements to the District's Town Division wastewater system (the "Enterprise"), as further described in the Preliminary Official Statement.

**SECURITY:** The Certificates are certificates of participation which evidence direct, undivided fractional interests in the Installment Payments, and the interest thereon, paid by the District pursuant to the Installment Purchase Agreement. The obligation of the District to pay the Installment Payments and the interest thereon and other payments required to be made by it under the Installment Purchase Agreement is a special obligation of the District payable, in the manner provided under the Installment Purchase Agreement, solely from Net Revenues and other funds as provided in the Installment Purchase Agreement. Net Revenues generally consist of all income and revenue received by the District from the operation or ownership of the Enterprise remaining after payment of Maintenance and Operation Costs, all as further provided in the Installment Purchase Agreement.

Pursuant to the Installment Purchase Agreement, the District pledges all Net Revenues to the payment of the Installment Payments. This pledge constitutes a first lien on the Net Revenues for the payment of the Installment Payments.

Pursuant to the Installment Purchase Agreement, the District is required, to the extent permitted by law, to fix, prescribe and collect fees and charges for the services and facilities of the Enterprise which will be at least sufficient to yield during each Fiscal Year (a) Net Revenues (excluding capacity charges) equal to 125% of Annual Debt Service on the Installment Payment and Parity Obligations for such Fiscal Year and (b) Net Revenues equal to 100% of annual debt service on any other Obligations for such Fiscal Year. The District may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the fees and charges then in effect unless the Gross Revenues and Net Revenues from such reduced fees and charges will at all times be sufficient to meet the requirements of the Installment Purchase Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES — Rate Covenant" in the Preliminary Official Statement.

Under the Trust Agreement, the District is authorized under certain conditions to issue additional obligations secured by the Net Revenues. Currently, there are no other obligations secured by the Net Revenues.

**Net Revenues and other funds pledged under the Indenture are the sole security for the Certificates, and the District has no other source of funds to pay debt service on the Certificates.**

THE OBLIGATION OF THE DISTRICT TO PAY THE INSTALLMENT PAYMENTS, AND THE INTEREST THEREON, AND OTHER PAYMENTS REQUIRED TO BE MADE BY IT UNDER THE INSTALLMENT PURCHASE AGREEMENT IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE, IN THE MANNER PROVIDED IN THE INSTALLMENT PURCHASE AGREEMENT, SOLELY FROM SUCH NET REVENUES AND OTHER FUNDS PROVIDED FOR THEREIN, AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR OF THE STATE OF CALIFORNIA, OR OF ANY POLITICAL SUBDIVISION THEREOF, IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

***NO RESERVE FUND:*** No reserve fund is established for the Certificates.

***INSURANCE:*** If the Certificates qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of a bidder, the purchase of any such insurance policy or the issuance of any such commitment therefor shall be at the sole option and expense of such bidder and any increased costs of issuance of the Certificates resulting by reason of the same, unless otherwise paid, shall be paid by such bidder. Any failure of the Certificates to be so insured or of any such policy of insurance to be issued, shall not constitute cause for a failure or refusal by the purchaser of the Certificates to accept delivery of and pay for said Certificates in accordance with the terms hereto.

***TAX-EXEMPT STATUS:*** In the opinion of, Norton Rose Fulbright US LLP, California, Special Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance with certain covenants in the documents pertaining to the Certificates and requirements of the Internal Revenue Code of 1986, the portion of each Installment Payment representing interest and distributed in respect of any Certificate is excluded from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax and is exempt from personal income taxes of the State of California. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on the Certificates. See the discussion in the Preliminary Official Statement under the heading "TAX MATTERS."

***CONTINUING DISCLOSURE:*** In order to assist bidders in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"), the District will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement relating to the Certificates.

At the request of the District, Columbia Capital Management, LLC, has compiled a summary statement reflecting the filing due dates applicable under the District's and the related entities' undertakings under the Rule and, for the last five years, the actual filings dates of audited financial statements and financial and operating data. See the discussion in the Preliminary Official Statement under the heading "CONTINUING DISCLOSURE."

The summary statement is the result of certain limited activities and inquiry and is being provided by the District to prospective purchasers to assist with their respective responsibilities under certain securities laws. The scope of those activities performed were inherently limited and do not purport to encompass all activities that the prospective purchasers or the District may be responsible to undertake, and may not be sufficient for or appropriate to your (prospective purchaser's) purposes.

**LEGAL OPINION:** The legal opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Special Counsel, concerning the validity of the Certificates, and certain other matters, will be furnished to the purchaser of the Certificates without cost.

**FURTHER INFORMATION:** A copy of the Preliminary Official Statement describing the Certificates, the summary statement and any other information concerning the proposed financing, will be furnished upon request to the District and to the municipal advisor to the District with respect to the Certificates (the "Municipal Advisor"): Columbia Capital Management, LLC, 2292 Faraday Ave., Suite 100, Carlsbad, California 92008, telephone: (913) 312-8072, e-mail: [jprichard@columbiacapital.com](mailto:jprichard@columbiacapital.com). Additionally, a copy of the Preliminary Official Statement and this Official Notice of Sale can be obtained in electronic format at [www.i-dealprospectus.com](http://www.i-dealprospectus.com).

## TERMS OF SALE

**CONDITIONS OF BIDS:** Bidders must bid to purchase all and not part of the Certificates and must submit their bids electronically via PARITY® as described above, subject to the following conditions:

- Only bids of at least 99% of the total par value of the Certificates will be considered.
- Bidders must specify a rate of interest for each maturity of the Certificates. The rates of interest must be expressed in multiples of either one-eighth (1/8) or one-twentieth (1/20) of one percent (1%).
- No interest rate on any maturity of the Certificates may be specified at zero percent (0% or be in excess of five percent (5%).
- All Certificates of the same maturity must evidence interest at the same rate.
- The initial offering price to the public of Certificates maturing on or after June 1, 2031 must be at least 98% of the par value of such Certificates.

The successful bidder will, within 30 minutes after being notified of the award of the Certificates, advise the District of the initial bona fide public reoffering prices of each maturity of the Certificates on the date of award. The successful bidder will also be required to furnish to the District a certificate ("Certificate of Initial Purchaser") in the applicable form of the Certificate of Initial Purchaser attached hereto (with such modifications as may be acceptable to Special Counsel). At any time before or after delivery of the Certificates to the successful bidder, that successful bidder also may be required by the District or Special Counsel to clarify any discrepancies between the Certificate of Initial Purchaser and publicly available information relating to trades of the Certificates that might suggest that the initial sale of a substantial portion of any maturity of the Certificates to the public was at a materially higher price than the price stated for that maturity in the Certificate of Initial Purchaser.

No bid will be accepted that contemplates the waiver of any interest or other concession by the bidder as substitute for payment in full of the purchase price. Bids that do not conform to the terms of this section may be rejected. See "Right to Reject Any Bids" below.

**ELECTRONIC BIDS:** Electronic Bids via PARITY® (the "Electronic Bidding System") will be accepted in accordance with this Official Notice of Sale until 9:30 a.m. Pacific Standard Time, February \_\_\_\_\_, 2022, but no bid will be received after this time. To the extent any instructions or directions set forth in PARITY® conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about PARITY®, potential bidders may contact Columbia Capital

Management LLC, 2292 Faraday Ave., Suite 100, Carlsbad, California 92008, telephone (913) 312-8072, email: [jprichard@columbiacapital.com](mailto:jprichard@columbiacapital.com).

Each bid shall specify the total bid price with respect to the Certificates (which shall include the discount, if any, and the premium, if any, offered by the bidder), the total interest cost (expressed in dollars) during the term of the Certificates on the basis of such bid, and an estimate of the true interest cost ("TIC") on the basis of such bid. Each bidder shall certify to the District the correctness of the information submitted on PARITY®; the District will be entitled to rely on such certification.

**THE DISTRICT WILL MAKE ITS BEST EFFORTS TO ACCOMMODATE ELECTRONIC BIDS; HOWEVER, THE DISTRICT, THE MUNICIPAL ADVISOR AND SPECIAL COUNSEL ASSUME NO RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY. THE OFFICIAL TIME FOR RECEIPT OF BIDS IS AS STATED IN THIS OFFICIAL NOTICE OF SALE AND AS DETERMINED EXCLUSIVELY BY THE MUNICIPAL ADVISOR.**

**CHANGES TO TIME OR DATE OF BID OPENING:** The District reserves the right to change the time and/or date of the bid opening, and notice of any change thereof shall be provided at least one (1) hour prior to the time set forth above for the opening of sealed proposals, by means of a supplemental notice of sale to be transmitted over the Thomson Municipal Newswire or TM3.

**DESIGNATION OF INTEREST RATES:** Each bidder must specify the rate or rates of interest which the Certificates shall evidence. The maximum rate bid on any Certificates may not exceed 5.0% per annum. A bidder will be permitted to bid different rates of interest for each maturity of Certificates; but (i) each interest rate specified must be in a multiple of one-twentieth or one-eighth of one percent; (ii) no Certificate shall evidence more than one rate of interest; (iii) payments of interest on each Certificate shall be computed from the date of original delivery thereof to its stated maturity (or, in the case of term Certificates, to the respective dates of mandatory sinking fund redemption thereof as designated in the bid) at the interest rate specified in the proposal, payable on the Interest Payment Date as set forth above; and (iv) all Certificates maturing at any one time shall bear the same rate of interest.

**DETERMINATION OF BEST BID:** The Certificates will be awarded to the responsible bidder whose bid produces the lowest TIC on the Certificates. The TIC must not exceed 3%. The TIC specified in any bid will be that rate which, when used in computing the present value of all payments of principal of and interest to be paid on all Certificates from the date of delivery of the Certificates to the successful bidder to their respective maturity dates produces an amount equal to the purchase price specified in such bid. For purposes of computing the TIC represented by any proposal, the purchase price specified in such proposal shall be equal to the par amount of the Certificates less any discount specified in such proposal or plus any premium specified in such proposal, and the TIC shall be calculated by the use of a semiannual interval of compounding interest based on the Interest Payment Date for the Certificates.

**ADJUSTMENT OF PRINCIPAL AMOUNTS:** The District reserves the right to increase or to decrease the principal amount of any maturity of the Certificates in \$5,000 increments as the District deems advisable, based on the actual rates of interest to be borne by the Certificates to obtain the necessary amount of Certificate proceeds and to structure debt service payments subject to the constraints and preferences of the District. Any such increase or decrease shall be allocated among the various maturities of the Certificates on such basis as the District deems advisable, and shall result in a proportionate increase or decrease (as the case may be) in the amount of any premium or discount bid. Notice of such increase or decrease shall be given to the successful bidder as soon as practicable following the notification of award, as described below. No such adjustment will have the effect of altering the basis upon which the best bid is determined. Bidders should consider that bids generating significant premium

(discount) may result in increased principal amortization in later (earlier) years. If there is an increase or decrease in the final aggregate principal amount of the Certificates or a change in the schedule of principal payments as described above, notice of such increase or decrease shall be given to the successful bidder as soon as practicable following the notification of award. The District will calculate the actual purchase price for the Certificates in a way that will preserve the successful bidder's original spread included in its bid (computed as a percentage of the final adjusted aggregate principal amount of the Certificates).

**RIGHT TO REJECT ANY BID:** The District reserves the right, in its discretion, to reject any and all proposals and to waive any irregularity or informality in any proposal.

**TIME OF AWARD:** The District has authorized its General Manager to award the sale of the Certificates to the bidder whose proposal is the best responsible proposal determined in accordance herewith. The District will take action awarding the Certificates or rejecting all bids not later than 5:00 p.m. (PST) on February \_\_\_\_, 2022, provided that the award may be made after the expiration of the specified time unless the successful bidder provides the District with a notice in writing of the withdrawal of such bid.

**DELIVERY AND PAYMENT:** Delivery of the definitive Certificates will be made to The Depository Trust Company to the account of the purchaser upon the delivery thereof, which is expected to occur on or about **February**\_\_\_\_ 2022. Payment for the Certificates must be made by wire transfer of Federal Reserve Bank funds, which is immediately available to the Trustee on the date of delivery. Any expense in providing immediately available funds shall be borne by the purchaser.

Upon the determination by the District of the successful bidder of the Certificates, the Municipal Advisor will notify the successful bidder of the District's determination. After notification, the successful bidder will confirm to the Municipal Advisor that the successful bidder will wire the Good Faith Deposit as soon as possible and in any event not later than twenty-four (24) hours after verbal notice of the bid award.

If the purchase price is not paid in full upon tender of the Certificates by the District to the purchaser, the District will retain the Good Faith Deposit and the purchaser will have no right in or to the Certificates or to the recovery of its Good Faith Deposit, or to any allowance or credit by reason of such deposit, unless it appears that the Certificates would not be validly delivered if delivered to the purchaser in the form and manner proposed, except in the case that a successful bidder provides the District with a notice in writing of the withdrawal of such bid. If the purchaser fails to deliver the Good Faith Deposit in accordance with this Official Notice of Sale or fails to take up and pay for the Certificates, the District reserves any and all rights granted by law to recover the full purchase price of the District and, in addition, any damages suffered by the District.

**GOOD FAITH DEPOSIT:** To secure the District from any loss resulting from the failure of the successful bidder to comply with the terms of its bid, a good faith deposit in the amount of \$50,000 (the "**Good Faith Deposit**") must be provided by the successful bidder.

Upon the determination by the District of the successful bidder of the Certificates, the Municipal Advisor will notify the successful bidder of the District's determination. After notification, the successful bidder will confirm to the Municipal Advisor by telephone ((818) 290-8011) that the successful bidder will wire the Good Faith Deposit as soon as possible and in any event not later than twenty-four (24) hours after verbal notice of the bid award. The successful bidder will provide the Federal wire reference number of such Good Faith Deposit to the Municipal Advisor. The wire transfer instructions will be provided to the successful bidder at the time of the bid award.

If the successful bidder does not confirm to the Municipal Advisor that the successful bidder will wire the Good Faith Deposit upon receipt of wiring instructions from the District as provided herein, the District may, in its sole discretion, reject the bid of the successful bidder and may award the Certificates to the responsible bidder that timely submitted a conforming bid that represents the next lowest TIC to the District, which will in turn become and will assume the responsibilities of the successful bidder as described in this paragraph.

The Good Faith Deposit will immediately upon receipt become the property of the District and will be held and invested for the exclusive benefit of the District. No interest will be paid upon the Good Faith Deposit. The Good Faith Deposit, without interest, will be credited against the purchase price of the Certificates purchased by the purchaser at the time of delivery of the Certificates.

**CONFLICT WAIVER.** Norton Rose Fulbright US LLP is serving as Special Counsel in connection with the execution, delivery and sale of the Certificates. By placing a bid, each bidder represents that it understands that, in its capacity Norton Rose Fulbright US LLP as Special Counsel, represents the District, and the successful bidder waives any conflict of interest that involvement in connection with the execution, delivery and sale of the Certificates to such successful bidder presents.

**ESTABLISHMENT OF ISSUE PRICE.** The successful bidder shall assist the District in establishing the issue price of the Certificates and shall execute and deliver to the District prior to the Closing Date a certificate acceptable to Special Counsel setting forth the reasonably expected initial public offering price, or the sales price or prices of the Certificates, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary in the reasonable judgment of the successful bidder, the District or Special Counsel. All actions to be taken by the District under this Official Notice of Sale to establish the issue price of the Certificates may be taken on behalf of the District by the District's Municipal Advisor identified herein and any notice or report to be provided to the District may be provided to the District's Municipal Advisor.

The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Certificates) will apply to the initial sale of the Certificates (the "Competitive Sale Requirements") because:

- (1) the District shall disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid on the Certificates;
- (3) the District may receive bids for the Certificates from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the Certificates to the bidder who submits a firm offer to purchase the Certificates at the highest price (or lowest interest cost), as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Certificates as specified in the bid.

If the Competitive Sale Requirements are not satisfied, the District shall so advise the winning bidder. Bids will not be subject to cancellation in the event the Competitive Sale Requirements are not



satisfied. In such event, the District intends to treat the initial offering price to the public as of the sale date of each maturity as the issue price of that maturity (the "hold-the-offering-price rule"). The District shall promptly advise the winning bidder, at or before the time of award, if the Competitive Sale Requirements were not satisfied, in which case the hold-the-offering-price rule shall apply to the Certificates. Bids will not be subject to cancellation in the event the Competitive Sale Requirements are not satisfied, and the hold-the-offering-price rule thus applies to any maturity of the Certificates as to which less than 10% of the maturity was sold by the winning bidder to the public at a single price.

By submitting a bid to purchase the Certificates, the winning bidder (i) confirms that the underwriters have offered or will offer the Certificates to the public on or before the date of award at the offering price or prices ("**initial offering price**"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder (ii) certifies that the bidder is an underwriter of municipal obligations who has an established industry reputation for underwriting new issuances of municipal obligations, and (iii) agrees, on behalf of the underwriters participating in the purchase of the Certificates, that the underwriters will neither offer nor sell unsold Certificates of any maturity to which the hold-the-offering-price rule applies to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the District when the underwriters have sold 10% of that maturity to the public at a price that is no higher than such maturity's initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The District acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail or other third-party distribution agreement that was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail or other third-party distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail or other third-party distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to one or more maturities of the Certificates.

By submitting a bid to purchase the Certificates, the bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail or other third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail or other third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allotted to it and subject to the hold-the-offering-price rule

until it is notified by the winning bidder that the hold-the-offering-price rule no longer applies to such maturity, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail or other third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such retail or other third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allotted to it and subject to the hold-the-offering-price rule until it is notified by the winning bidder or such underwriter that the hold-the-offering-price rule no longer applies to such maturity, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of the Certificates to any person that is a related party to an underwriter of the Certificates shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

- (1) “public” means any person other than an underwriter or a related party,
- (2) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public, and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Certificates to the public),
- (3) a purchaser of the Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (4) “sale date” means the date on which the Certificates are awarded by the District to the winning bidder.

**NO LITIGATION:** There is no litigation pending concerning the validity of the Certificates, the existence of the District or the entitlement of the officers thereof to their respective offices, and the purchaser will be furnished a no-litigation certificate certifying to the foregoing as of and at the time of delivery of the Certificates.

**CUSIP NUMBERS:** It is anticipated that CUSIP numbers will be printed on the Certificates, but neither the failure to print such numbers on any Certificates nor any error with respect thereto will constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Certificates

in accordance with the terms hereof. The CUSIP Service Bureau charge for the assignment of said numbers will be the responsibility of and shall be paid for by the District.

**CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION FEES:** All fees payable to the California Debt and Investment Advisory Commission in connection with the execution and delivery of the Certificates shall be the responsibility of the purchaser of the Certificates.

**OFFICIAL STATEMENT:** The District has approved the Preliminary Official Statement relating to the Certificates. Copies of such Preliminary Official Statement will be distributed to any bidder, upon request, prior to the sale in a form "deemed final" by the District for purposes of the Rule. Within seven (7) business days from the sale date, the District will deliver to the purchaser up to 100 copies of the Final Official Statement, executed by authorized representatives of the District, in sufficient number to allow the purchaser to comply with paragraph (b)(4) of the Rule and to satisfy the Municipal Securities Rulemaking Board (the "MSRB") Rule G-32 or any other rules adopted by the MSRB, which shall include information permitted to be omitted by paragraph (b)(1) of the Rule and such other amendments or supplements as shall have been approved by the District (the "Final Official Statement"). The purchaser agrees that it will not confirm the sale of any Certificates unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the Final Official Statement.

**DISCLOSURE COUNSEL OPINION:** The purchaser shall receive an opinion (or a reliance letter to an opinion addressed to the District), dated the closing date, of Norton Rose Fulbright US LLP, Disclosure Counsel, relating to the contents of the Official Statement.

**UNDERWRITING GROUP:** The successful bidder will be required to submit a list of all syndicate members in addition to the managers not later than 24 hours after receiving a verbal award.

Dated: February \_\_\_\_\_, 2022

Nipomo Community Services District

By: \_\_\_\_\_ /s/ \_\_\_\_\_  
General Manager

**EXHIBIT A**

**FORM OF CERTIFICATE OF INITIAL PURCHASER**

**[IF 3 OR MORE BIDS FROM COMPETITIVE PROVIDERS ARE RECEIVED]**

Nipomo Community Services District  
Nipomo, California

Norton Rose Fulbright US LLP  
Los Angeles, California

This certificate is being delivered by [Purchaser], the purchaser (“Purchaser”) in connection with the execution and delivery of the Nipomo Community Service District Wastewater Revenue Certificates of Participation, Series 2022, Evidencing Direct, Fractional Undivided Interests of the Owners Thereof in Installment Payments to be Made by the Nipomo Community Services District to the Nipomo Community Services District Public Facilities Corporation (the “Certificates”).

The Purchaser hereby certifies and represents that:

**1. Reasonably Expected Initial Offering Price.**

- (a) As of the Sale Date, the reasonably expected initial offering prices of the Certificates to the Public by the Purchaser are the prices listed in Schedule A (“Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Certificates used by the Purchaser in formulating its bid to purchase the Certificates. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Certificates.
- (b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by the Purchaser constituted a firm offer to purchase the Certificates.

**2. Defined Terms.**

- (a) *Issuer* means the Nipomo Community Services District.
- (b) *Maturity* means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (d) *Related Party* means any entity if an Underwriter and the entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one

partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

- (e) *Sale Date* means the date of execution of a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is February \_\_, 2022.
- (f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986 and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in a tax certificate with respect to compliance with the federal income tax rules affecting the Certificates, and by Norton Rose Fulbright US LLP, Special Counsel, in connection with rendering their opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates.

Dated: [ISSUE DATE]

[INITIAL PURCHASER],  
as Underwriter

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**Schedule A**  
**Expected Offering Prices**  
(See attached)

**Schedule B**  
**Copy of Purchaser Bid**  
(See attached)

**[IF FEWER THAN 3 BIDS FROM COMPETITIVE PROVIDERS ARE RECEIVED]**

Nipomo Community Services District  
Nipomo, California

Norton Rose Fulbright US LLP  
Los Angeles, California

This certificate is being delivered by [Purchaser], the purchaser (“Purchaser”) in connection with the execution and delivery of the Nipomo Community Services District Wastewater Revenue Certificates of Participation, Series 2022, Evidencing Direct, Fractional Undivided Interests of the Owners Thereof in Installment Payments to be Made by the Nipomo Community Services District to the Nipomo Community Services District Public Facilities Corporation (the “Certificates”).

**1. Sale of the General Rule Maturities.**

As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

**2. Initial Offering Price of the Hold-the-Offering-Price Maturities.**

- (a) The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (“Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Certificates is attached to this Certificate as Schedule B.
- (b) As set forth in the Official Notice of Sale, the Purchaser agreed in writing on or prior to the Sale Date that, should the “competitive sale” requirements with respect to the Certificates not be satisfied, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Certificates of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (“hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer that is a member of the selling group, and any retail or other third-party distribution agreement shall contain the agreement of each broker-dealer that is a party to the retail or other third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Certificates during the Holding Period.

**3. Defined Terms.**

- (a) *Issuer* means the Nipomo Community Services District.
- (b) *General Rule Maturities* means those Maturities of the Certificates listed in Schedule A hereto as the “General Rule Maturities.
- (c) *Hold-the-Offering-Price Maturities* means those Maturities of the Certificates listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”



- (d)  *Holding Period*  means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Purchaser sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
- (e)  *Maturity*  means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate maturities.
- (f)  *Public*  means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (g)  *Related Party*  means any entity if an Underwriter and the entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).
- (h)  *Sale Date*  means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is February \_\_\_\_, 2022.
- (i)  *Underwriter*  means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986 and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the tax certificate with respect to the Certificates and with respect to compliance with the federal income tax rules affecting the Certificates, and by Norton Rose Fulbright US LLP, Special Counsel, in connection with rendering their opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that they may give to the Issuer from time to time relating to the Certificates.

Dated: [ISSUE DATE]

[INITIAL PURCHASER],  
as Underwriter

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**Schedule A**  
**Initial Offering Prices**

(See attached)

**Schedule B**  
**Copy of Pricing Wire**

(See attached)

JANUARY 26, 2022

ITEM E-1

ATTACHMENT 9

\$[principal amount]  
**NIPOMO COMMUNITY SERVICES DISTRICT  
WASTEWATER REVENUE CERTIFICATES OF PARTICIPATION  
SERIES 2022**

**CERTIFICATE PURCHASE AGREEMENT**

February \_\_, 2022

Nipomo Community Services District  
P.O. Box 326  
Nipomo, California 93444-0326  
Attention: Mario Iglesias, General Manager

Ladies and Gentlemen:

\_\_\_\_\_ (the “**Underwriter**”), acting not as fiduciary or agent for you, but on behalf of itself, offers to enter into this Certificate Purchase Agreement (this “**Purchase Agreement**”) with the Nipomo Community Services District (the “**District**”), which upon acceptance will be binding upon the District and upon the Underwriter. This offer is made subject to the District’s acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 11:59 p.m., Pacific Standard Time, on the date of this Purchase Agreement and, if not, so accepted will be subject to withdrawal by the Underwriter upon notice delivered to the District at any time prior to the acceptance hereof by the District.

The District acknowledges and agrees that: (i) the purchase and sale of the Nipomo Community Services District Wastewater Revenue Certificates of Participation, Series 2022 (the “**Certificates**”) pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the District and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the District with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters); and (iv) the District has consulted its own legal, financial and other advisors to the extent it has deemed appropriate for this transaction.

Section 1. Obligation to Purchase.

Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the District hereby agrees to cause to be executed and delivered by The Bank of New York Mellon Trust Company, N.A. (the “**Trustee**”), \$[principal amount] aggregate principal amount of Certificates pursuant to a Trust Agreement, dated as of March 1, 2022 (the “**Trust Agreement**”), by and among the District, the Nipomo Community Services District Public Facilities Corporation (the “**Corporation**”), and the Trustee, and the Underwriter hereby agrees to purchase all of the Certificates for offering to the public. The Certificates shall be delivered in the form of current interest certificates and shall represent the fractional undivided interests of the Owners thereof in installment payments (the

“**Installment Payments**”) under an Installment Purchase Agreement, dated as of March 1, 2022 (the “**Installment Purchase Agreement**”), to be made by the District to the Corporation, representing principal installments and interest payments payable at the rates per annum set forth in Appendix A hereto. Interest with respect to the Certificates will be payable on each June 1 and December 1, commencing June 1, 2022. The Certificates shall also represent principal payments due on the dates and in the amounts set forth in Appendix A. The Certificates shall be as described in, and shall be executed and delivered under and pursuant to the Trust Agreement. Capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the respective meanings set forth for such terms in the Trust Agreement. The Underwriter agrees to make a public offering of the Certificates at an initial price equal to the aggregate principal or issue amount of said Certificates, which may be changed from time to time by the Underwriters after the initial public offering.

The obligation of the District to make Installment Payments as set forth in the Installment Purchase Agreement constitutes an obligation of such District, payable from Net Revenues, consisting primarily of all income and revenue received by the District from the operation or ownership of the Town Division Wastewater System of the District (the “**Enterprise**”) remaining after payment of Operation and Maintenance Expenses.

Neither the Certificates nor the obligation of the District to make the Installment Payments constitutes a debt or indebtedness of such District, the Corporation, the County of San Luis Obispo (the “**County**”), the State of California (the “**State**”) or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction, or constitutes a pledge of the full faith and credit of any of the District, the Corporation, the County, the State or any of its political subdivisions.

The District will, pursuant to a Continuing Disclosure Certificate (the “**Continuing Disclosure Undertaking**”), dated as of the Closing Date (defined herein), undertake to provide certain annual financial information and notices of the occurrence of certain listed events, under federal securities laws. A description of this undertaking is set forth in the Preliminary Official Statement and the Final Official Statement (each as described herein).

The District will apply a portion of the proceeds of Certificates to (i) prepay all of the District’s Revenue Certificates of Participation (Southland Wastewater Project), Series 2012, currently outstanding in the aggregate principal amount of \$8,325,000 (the “**Prior Obligations**”), (ii) fund a portion of the costs of certain capital improvements to the Enterprise, and (iii) pay the costs of issuance relating to the execution and delivery of the Certificates.

The District will transfer a portion of the proceeds from the sale of the Certificates to the Trustee, as Escrow Bank and prior trustee (the “**Escrow Bank**”) under that certain Escrow Agreement, dated as of March 1, 2022, between the District and the Escrow Bank (the “**Escrow Agreement**”) for deposit in the escrow account created pursuant to the Escrow Agreement.

Section 2. Purchase Price.

The purchase price of the Certificates shall be \$ \_\_\_\_\_ (which represents the total aggregate principal amount with respect to the Certificates originally sold and delivered, plus premium of \$ \_\_\_\_\_, less an Underwriter’s discount of \$ \_\_\_\_\_).

Inasmuch as this purchase and sale represents a negotiated transaction, the District understands, and hereby confirms, that (i) the purchase and sale of the Certificates pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the District and the Underwriter; (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent or a

fiduciary of the District; (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the District with respect to: (x) the offering of the Certificates or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the District on other matters); or (y) any other obligation to the District except the obligations expressly set forth in this Purchase Agreement; and (iv) the District has consulted with their own legal, accounting, tax, financial and other professional advisors to the extent it deemed appropriate in connection with the offering of the Certificates. The District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (the “MSRB”).

### Section 3. Official Statement.

(a) The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Certificates dated February \_\_, 2022 (the “**Preliminary Official Statement**”). The District represents that it has deemed the Preliminary Official Statement to be “final” for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) (the “**Rule**”), except for the omission of certain information permitted to be omitted by such Rule, which generally includes, the offering price(s), interest rate(s), selling compensation, aggregate principal or issue amount, principal amount per maturity, delivery date and rating(s) of and/or on the Certificates.

(b) The Underwriter agrees that prior to the time a final Official Statement relating to the Certificates is available, the Underwriter will send to any potential purchaser of the Certificates, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement relating to the Certificates. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date such request is received.

(c) The District hereby agrees to deliver (or to cause to be delivered) to the Underwriter, not later than the seventh business day following the date this Purchase Agreement is fully executed, copies of a final Official Statement relating to the Certificates in such quantities as may be requested by the Underwriter not later than five business days following the date this Purchase Agreement is fully executed, in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule, and the rules of the MSRB. Such final Official Statement shall be substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District who hereby authorizes the Underwriter to use and distribute the final Official Statement in connection with the offering and sale of the Certificates.

(d) The Underwriter agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access (“EMMA”) system or as otherwise provided by the Securities Exchange Commission or MSRB within one business day after receipt thereof from the District, but in no event later than the Closing Date (as defined herein).

(e) References herein to the Preliminary Official Statement and the final Official Statement include the cover page, inside cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

### Section 4. Closing.

(a) At or before 9:00 a.m., Pacific Standard time, on March \_\_, 2022, or at such other time or on such earlier or later date as the parties hereto shall agree upon (the “**Closing Date**”), the District will deliver or cause to be delivered to the Underwriter through the facilities of The Depository Trust Company (“DTC”), or at such other place upon which the Underwriter and the District may mutually agree,



the Certificates in the form of a single fully registered Certificate (which may be printed, copied photostatically or typewritten) for each of the maturities of the Certificates, duly executed, and, at the offices of Special Counsel (defined herein) in Los Angeles, California, or at such other place as may be mutually agreed upon, the other documents mentioned below. Upon satisfaction of all conditions to the closing set forth herein, the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds (by check, wire transfer or other manner of payment as to which the Underwriter may mutually agree) to the order of the Trustee.

(b) The Certificates shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement and the Trust Agreement. The Certificates shall bear CUSIP Service Bureau numbers, but the failure to print any such number on any of the Certificates shall not constitute cause for a failure or refusal by the Underwriter to accept delivery of, or pay for, the Certificates in accordance with this Purchase Agreement. The Certificates duly executed shall be made available to the Underwriter in Los Angeles, California, or electronically, for inspection at least two (2) business days prior to the Closing Date.

#### Section 5. Representations and Warranties of the District.

The District represents and warrants to the Underwriter that:

(a) The District is a community services district duly organized and existing pursuant to the Constitution and laws of the State of California and has all necessary power and authority to adopt the Resolution and to enter into and perform its duties under the Installment Purchase Agreement, Trust Agreement, Continuing Disclosure Undertaking, the Escrow Agreement and this Purchase Agreement (collectively, the “**District Agreements**”), and, when validly authorized, executed and delivered by the other respective parties thereto, the District Agreements will constitute legal, valid and binding obligations of the District enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws or equitable principles relating to or limiting, creditors’ rights generally.

(b) The execution and delivery by the District of the District Agreements and in compliance with the provisions hereof and thereof, have been duly authorized by all necessary official action on the part of the District and will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, bylaw or any agreement to which the District is subject or by which it is bound or by which its properties may be affected.

(c) Except as may be required under Blue Sky or other securities laws of any state, there is no consent, approval, authorization or other order, filing with, or certification by, any regulatory authority having jurisdiction over the District required for the execution and delivery of the Certificates or the entering into by the District of the District Agreements or the consummation by the District of the transactions contemplated thereby and by this Purchase Agreement, except as have already been obtained.

(d) To the best of the District’s knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the District to restrain or enjoin the execution or delivery of the Certificates, or the Net Revenues, or the ability of the District to make Installment Payments, or in any way contesting or affecting the validity of the District Agreements or contesting the powers of the District to enter into or perform its obligations under any of the foregoing.

(e) Preparation and distribution of the Official Statement pertaining to the Certificates has been duly authorized by the District and the information contained therein as to the District is true and

correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(f) The District agrees that if at any time prior to the End of the Underwriting Period, as defined under the Rule, any event occurs as a result of which the Official Statement as then in effect would include any untrue statement of a material fact or omit to state any fact necessary to make the statements made therein not misleading in any material respect, the District shall cooperate with the Corporation in promptly preparing an amendment or supplement that will correct such statement or omission. The District will advise the Underwriter promptly of any proposal to so amend or supplement the Official Statement and will effect such amendment or supplement in a form and manner approved by the Underwriter. The Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading.

(g) The District agrees to cooperate with the Underwriters in endeavoring to qualify the Certificates for offering and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriter may reasonably request; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(h) The District will, pursuant to its Continuing Disclosure Undertaking, agree to provide or cause to be provided to the MSRB through its EMMA system and any public or private repository or entity designated by the Securities and Exchange Commission for purposes of the Rule certain annual financial information and operating data and agree to provide, or cause to be provided, to the repository in a timely manner notice of certain listed events respecting the Certificates in order to assist the Underwriter in complying with the Rule. Except as disclosed in the Preliminary Official Statement and Official Statement, the District has not, within the past five years, failed to comply in all material respects with its previous undertakings to provide annual reports and notices of listed events.

(j) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit (other than as permitted by the Rule) to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) The financial statements of, and other financial information regarding the District, in the Official Statement fairly present the financial position and results of the District as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the District. The District is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the District, would have a materially adverse effect on the financial condition of the District.

#### Section 6. Establishment of Issue Price.

(a) The Underwriter agrees to assist the District in establishing the issue price of the Certificates and shall execute and deliver to the District at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Certificates.

(b) The District will treat the first price at which 10% of each maturity of the Certificates (the “10% test”) is sold to the public as of the sale date as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

(c) The Underwriter confirms that it has offered the Certificates to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Appendix A. Appendix A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Certificates for which the 10% test has not been satisfied as of the sale date and for which the District and the Underwriter agrees that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Certificates, the Underwriter will neither offer nor sell unsold Certificates of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the 5<sup>th</sup> business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of the maturity of the Certificates to the public that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the District when the Underwriter has sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the 5<sup>th</sup> business day after the sale date.

The District acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event that the Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that the Underwriters shall be solely liable for their failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriters shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its agreement regarding the hold-the-offering-price rule as applicable to the Certificates.

(d) The Underwriter confirms that (i) each selling group agreement and each retail or other third-party distribution agreement (to which the Underwriter is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail or other third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Certificates of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires; and (ii) any selling group agreement (to which the Underwriter is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a retail or other third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such retail or other third-party

distribution agreement to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Certificates of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires:

(e) The Underwriter acknowledges that sales of any Certificates to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (1) “public” means any person other than an underwriter or a related party,
- (2) “underwriter” means (A) any person that agrees pursuant to a written contract that the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Certificates),
- (3) a purchaser of any Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (4) “sale date” means the date of execution of this Purchase Agreement by all parties.

#### Section 7. Conditions to the Obligations of the Underwriter.

The obligation of the Underwriter to accept delivery of and pay for the Certificates on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein and in the Installment Purchase Agreement, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Trustee, the Corporation and the District made in any certificates or other documents furnished pursuant to the provisions hereof or of the District Agreement (together, the “**Legal Documents**”), and to the performance by the Trustee, the Corporation and the District of their respective obligations to be performed hereunder and under the Legal Documents on or prior to the Closing Date, and to the following additional conditions:

(a) As of the Closing Date, the Legal Documents and the Official Statement shall have been duly authorized, executed and delivered by the respective parties thereto, in substantially the forms

heretofore submitted to the Underwriter with only such changes as shall have been agreed to in writing by the Underwriter, and said agreements shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the execution and delivery of the Certificates and with the transactions contemplated thereby and by this Purchase Agreement, all such actions as Special Counsel shall deem to be necessary and appropriate in order to permit it to render the opinion set forth in Appendix D to the Official Statement.

(b) As of the Closing Date, the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriter, the District and the Corporation.

(c) Marketability Between the Date Hereof and the Closing. The market price or marketability or the ability of the Underwriters to enforce contracts of the sale of the Certificates, at the initial offering prices set forth in the official statement, in the opinion of the Underwriter, shall not have been materially adversely affected by reason of any of the following:

(1) Legislation enacted or introduced in the Congress or passed by either House of Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or introduced in the Congress recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement or made:

(i) by or on behalf of the United States Treasury Department or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the Installment Payments as would be received by the Corporation or the Trustee under the Installment Purchase Agreement or upon such interest portion of the Installment Payments as would be received by the owners of the Certificates; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Certificates, or obligations of the general character of the Certificates, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Trust Agreement is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(2) the declaration of war or engagement in or escalation of major military hostilities by the United States or any other national emergency or international calamity relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Certificates, or obligations of the general character of the Certificates, or securities generally, or the material increase of any such restrictions now in force;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Certificates, or the issuance, offering or sale of the Certificates, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(6) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(7) the withdrawal, suspension, negative change or downgrading or placement on credit watch of any underlying rating of the District's outstanding indebtedness by a national rating agency;

(8) there shall have occurred any materially adverse change in the affairs or financial condition of the District;

(9) legislation enacted by the State legislature or a decision rendered by a State Court, or a ruling, order or regulation (final or temporary) made by a State authority, would have the effect of changing, directly or indirectly, the consequences of interest on obligations of the general character of the Certificates in the hands of the holders thereof; or

(10) any fact or event shall exist or have existed that, in the Underwriter's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement.

(d) On or prior to the Closing Date, the Underwriter shall receive satisfactory evidence that the Certificates have been assigned the ratings set forth on the cover of the Official Statement, and that such ratings have not been lowered, withdrawn or placed under review or "Credit Alert" prior to the Closing Date.

(e) On or prior to the Closing Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) the Legal Documents, each duly executed and delivered by the respective parties thereto, with such amendments, qualifications or supplements as may have been agreed to in writing by the Underwriter;

(2) an approving opinion of Norton Rose Fulbright US LLP ("Special Counsel") substantially in the form included as Appendix D to the Official Statement, dated the Closing Date and addressed to the District, and a reliance letter addressed to the Underwriter and the Corporation, of Special Counsel, together with an additional supplemental opinion in a form acceptable to the Underwriter, dated the Closing Date and addressed to the Underwriter, to the effect that:

(i) the District has full right and lawful authority to enter into and perform its duties under the District Agreements, and its District Agreements have been

duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding obligations of the District, enforceable in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditor's rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law);

(ii) the statements contained in the Official Statement in the sections entitled "THE CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES," "TAX EXEMPTION" and "CONTINUING DISCLOSURE" and "APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," insofar as such statements purport to summarize certain provisions of the Certificates, the Installment Purchase Agreement, the Trust Agreement, the Continuing Disclosure Undertaking (provided that no opinion need be rendered regarding the adequacy of the Continuing Disclosure Undertaking for purposes of Rule 15c2-12), and the form and content of Special Counsel's approving opinion with respect to the exclusion from gross income for federal income tax purposes and exemption from present State of California personal income taxes of the interest component of Installment Payments, present a fair and accurate summary of such provisions therein;

(iii) based upon information made available to such counsel in the course of such counsel's participation in the transaction as Special Counsel and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to such counsel's attention which has led such counsel to believe that the Official Statement (excluding therefrom data provided by or relating to the District, the District's audited financial statements, and other financial and statistical data included in the Official Statement, as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading in any material respect; and

(iv) the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(3) a letter of Norton Rose Fulbright US LLP, Los Angeles, California, as disclosure counsel ("**Disclosure Counsel**") addressed to the Underwriter, the District and the Corporation, to the effect that, based upon the information provided to such counsel in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Preliminary Official Statement or the Official Statement, such counsel have no reason to believe that the Preliminary Official Statement, as of its date, or the Official Statement, as of its date and as of the Closing Date (except for any financial statements and other financial, statistical or engineering data, numbers, charts, estimates, projections, assumptions or expressions of opinion, any information about valuation, appraisals, absorption, archeological or environmental matters included therein, the appendices thereto, and information relating to The Depository Trust Company and its book-entry only system, [the Insurer and the Insurance Policy] as to which no view need be expressed) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make

the statements therein, in the light of the circumstances under which they were made, not misleading.

(4) an opinion of counsel to the Trustee, addressed to the Underwriter, together with a reliance letter addressed to the Corporation and the District, dated the Closing Date to the effect that:

(i) the Trustee has been duly organized and is validly existing and in good standing as a national banking association under the laws of the United States with full corporate power to undertake the trusts of the Trust Agreement and the Escrow Agreement;

(ii) assuming the corporate power and legal authority of, and the due authorization, execution and delivery by the Corporation and the District of the Trust Agreement and the Escrow Agreement, the Trust Agreement and the Escrow Agreement constitute the legal, valid and binding agreements of the Trustee, enforceable against the Trustee in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles relating to or limiting creditors' rights generally;

(iii) the Certificates have been validly authorized, executed and delivered by the Trustee; and

(iv) exclusive of federal or state securities laws' requirements, no authorization, approval, action or other filing with any governmental agency or, to such counsel's knowledge, any other person or corporation is required for the valid authorization, execution and delivery of the Trust Agreement and the Escrow Agreement;

(5) an opinion of Counsel to the District, addressed to the District, the Trustee and the Underwriter, dated the Closing Date, to the effect that:

(i) the District is duly organized and validly existing as a community services district under the laws of the State of California;

(ii) the resolution of the District approving and authorizing the execution and delivery of the District Documents, and approving the distribution of the Official Statement, was duly adopted at a meeting of the governing body of the District which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

(iii) the District has full right and lawful authority to execute and deliver the District Documents and such documents have been duly authorized, executed and delivered by and on behalf of the District;

(iv) except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending with respect to which proper notice has been duly served upon the District or, to the best of our knowledge, threatened against the District which would materially adversely affect the ability of the District to perform its obligations under the District Documents, the Certificates, or seeking to restrain or to enjoin the execution and delivery of the Certificates, or the application of the proceeds thereof in



accordance with the Trust Agreement, or in any way contesting or affecting the validity or enforceability of the District Documents or the Certificates or the accuracy of the Official Statement, or any action of the District contemplated by any of said documents; and

(v) to the best of such counsel's knowledge after due inquiry, the execution and delivery of the District Documents by the District and compliance by the District with the provisions thereof, under the circumstances contemplated thereby, and the execution and delivery of the Certificates do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument applicable to or binding upon the District, or any existing law, regulation, court order, or consent decree to which the District is subject;

(6) an opinion of Counsel to the Corporation, addressed to the Corporation, the Trustee and the Underwriter, dated the Closing Date, to the effect that:

(i) the Corporation is duly organized and validly existing as a nonprofit public benefit corporation under the laws of the State of California and is possessed of full power to own and hold real and personal property and to lease and sell the same;

(ii) the resolution of the Corporation approving and authorizing the execution and delivery of the Trust Agreement and the Installment Purchase Agreement (collectively, the "**Corporation Documents**"), and approving the distribution of the Official Statement, was duly adopted at a meeting of the governing body of the Corporation which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

(iii) the Corporation has full right and lawful authority to execute and deliver the Corporation Documents and such documents have been duly authorized, executed and delivered by and on behalf of the Corporation;

(iv) except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending with respect to which proper notice has been duly served upon the Corporation or, to the best of our knowledge, threatened against the Corporation which would materially adversely affect the ability of the Corporation to perform its obligations under the Corporation Documents, or in any way contesting or affecting the validity or enforceability of the Corporation Documents or the accuracy of the Official Statement, or any action of the Corporation contemplated by any of said documents; and

(v) to the best of such counsel's knowledge after due inquiry, the execution and delivery of the Corporation Documents by the Corporation and compliance by the Corporation with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Corporation a breach of or default under any agreement or other instrument applicable to or binding upon the Corporation, or any existing law, regulation, court order, or consent decree to which the Corporation is subject;

(7) a certificate of the District, dated the Closing Date, signed by an official of the District as may be acceptable to the Underwriter, and in form and substance satisfactory to the Underwriter, to the effect that:

(i) the District is a community services district, duly organized and validly existing pursuant to the laws of the State of California;

(ii) the District Agreements have been validly authorized and duly executed and delivered by an Authorized Officer of the District designated for such purpose in the applicable Resolution, and constitute the valid and binding limited obligations of the District enforceable in accordance with their respective terms; provided, however, that the representation as to enforceability may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights and may be subject to general principles of equity;

(iii) the representations and agreements of the District contained in the District Agreement, as the case may be, are true and correct in all material respects as of the Closing Date;

(iv) the District has complied with all agreements, covenants and conditions to be complied with by the District on or prior to the Closing Date under the District Agreement;

(v) the information contained in the Official Statement, as to such District, is true and correct and does not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

(vi) insofar as it will have a material adverse effect on the ability of the District to enter into, carry out or perform its obligations under the District Documents or to consummate the transactions contemplated thereby, the District is not in material breach of or default under any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, and, to the best of such authorized representative's knowledge, no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument; and

(vii) the District has obtained insurance as required by Article \_\_ of the Installment Purchase Agreement, such policies are in full force and effect and have not been revoked or rescinded and, in compliance with Section \_\_ of the Installment Purchase Agreement;

(8) a certificate of the Corporation, dated the Closing Date, signed by an authorized representative of the Corporation as may be acceptable to the Underwriter, and in form and substance satisfactory to the Underwriter, to the effect that:

(i) the Corporation Documents have each been validly authorized and duly executed and delivered by the officers of the Corporation designated for such purpose in the Resolution of the Board of Directors of the Corporation and each constitutes the valid and binding limited obligations of the Corporation enforceable in accordance with

their respective terms; provided, however, that the representation as to enforceability may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights and may be subject to general principles of equity;

(ii) the representations and agreements of the Corporation contained in the Corporation Documents, as the case may be, are true and correct in all material respects as of the Closing Date;

(iii) the Corporation has complied with all agreements, covenants and conditions to be complied with by the Corporation on or prior to the Closing Date under the Corporation Documents; and

(iv) the information contained in the Official Statement as to the Corporation is true and correct and does not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

(9) a certificate of the Trustee, dated the Closing Date, signed by a duly authorized officer of the Trustee, and in form and substance satisfactory to the Underwriter, to the effect that:

(i) to the knowledge of the Trustee, the representations and agreements of the Trustee in the Trust Agreement and the Escrow Agreement are true and correct in all material respects as of the Closing Date;

(ii) to the knowledge of the Trustee, no litigation is pending or threatened against the Trustee (either in state or federal courts) (A) seeking to restrain or enjoin the execution or delivery by the Trustee of any of the Certificates, or (B) in any way contesting or affecting any authority of the Trustee for the execution or delivery of the Certificates or the validity or enforceability of the Certificates, the Escrow Agreement or the Trust Agreement; and

(iii) assuming the corporate power and legal authority of, and the due authorization, execution and delivery by the Corporation and the District of the Trust Agreement, and by the District of the Escrow Agreement, the Trust Agreement and the Escrow Agreement constitute the valid and binding agreements of the Trustee, enforceable against the Trustee in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles relating to or limiting creditors' rights generally;

(10) certified copies of resolutions of the Trustee, the District and the Corporation, as the case may be, authorizing, as applicable, the execution, sale and delivery of the Certificates and the Installment Purchase Agreement, the Trust Agreement, the Continuing Disclosure Undertaking, the Escrow Agreement and this Purchase Agreement, the distribution of the Preliminary Official Statement, and the distribution of the Official Statement;

(11) a tax certificate or agreement of the District in form and substance satisfactory to Special Counsel;

(12) evidence that the federal tax information form 8038-G has been prepared by Special Counsel for filing in connection with the Certificates;

(13) a copy of the filings made for the Certificates and the Installment Purchase Agreement with the California Debt and Investment Advisory Commission in accordance with Sections 8855 and 53583, as applicable, of the California Government Code;

(14) a certificate of the Municipal Advisor, dated the Closing Date and addressed to the District and the Underwriter, to the effect that while the Municipal Advisor has not independently verified or undertaken an independent investigation of the information in the Preliminary Official Statement and the Official Statement, based on its participation in the preparation and review of the Preliminary Official Statement and Official Statement, no information has come to its attention which would lead it to believe that the information contained in the Preliminary Official Statement, as of its date and as of the date of this Purchase Agreement and the Official Statement, as of its date and the Closing Date, is not true or correct in all material respects, or that the Preliminary Official Statement, as of its date and as of the date of this Purchase Agreement and the Official Statement, as of its date and the Closing Date contains any untrue statement of a material fact or omits to state a material fact where necessary to make a statement not misleading in light of the circumstances under which it was made (except that no opinion or belief need be expressed as to any financial statements or other financial, statistical or engineering data or forecasts, numbers, charts, estimates, projections, assumptions, or expressions of opinion, any information about valuation, appraisals, absorption, archeological or environmental matters, or any information with respect to the District, [the Insurer, the Insurance Policy] or about DTC or the book-entry-only system).

(15) evidence satisfactory to the Underwriter that the Certificates have been rated “\_\_” by S&P (or such other equivalent rating as each such rating agency may give) and that such ratings have not been revoked or downgraded; and

(16) such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Special Counsel may reasonably request.

(f) Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Certificates shall not have been delivered by the District to the Underwriter prior to the close of business, California time, on the Closing Date, then the obligation to purchase Certificates hereunder shall terminate and be of no further force or effect.

If the District shall be unable to satisfy the conditions to the Underwriter’s obligations contained in this Purchase Agreement or if the Underwriter’s obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given, to the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

#### Section 8. Changes in Official Statement.

After the Closing Date: (a) neither the Corporation nor the District will adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing; and (b) if any event relating to or affecting the Trustee, either

District or the Corporation shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement to make the Official Statement not misleading in light of the circumstances existing at the time such is delivered to a purchaser, the Corporation and the District shall cause to be forthwith prepared and furnished to the Underwriter (at the expense of the District for twenty-five (25) days from the Closing Date and otherwise at the expense of the Underwriter) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) that will amend or supplement the Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances existing at the time it is delivered to a purchaser, not misleading.

#### Section 9. Expenses.

(a) All expenses and costs of the Corporation or the District incident to the performance of their obligations in connection with the authorization, execution, sale and delivery of the Certificates to the Underwriter, including (i) the cost of preparation, printing, execution and delivery of the Certificates; (ii) the acceptance fees of the Trustee and any fees and expenses of Trustee's counsel; (iii) any fees charged by any rating agency in connection with obtaining a rating for the Certificates, including interstate travel, expenses and fees; (iv) the cost of preparation, distribution and delivery of the Preliminary Official Statement and the final Official Statement; (v) the fees and expenses of Special Counsel and Disclosure Counsel; (vi) title insurance policy fees; (vii) the fees and expenses of Municipal Advisor to the District; (viii) any premium or fees charged by a credit provider for the credit enhancement of the Certificates; and (ix) expenses for travel, lodging, and subsistence related to rating agency visits and other meetings connected to the authorization, sale, issuance and distribution of the Certificates, shall be paid by the District, as set forth in the Trust Agreement.

(b) Notwithstanding any of the foregoing, the Underwriter shall pay all out of pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, CUSIP fees, the fees and disbursement of counsel to the Underwriter, and other expenses (except those expressly provided above) without limitation, except travel and related expenses attributable to District personnel in connection with the rating for the Certificates.

(c) The District acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred in connection with the execution and delivery of the Certificates.

If this Purchase Agreement shall be terminated by the Underwriter because of any failure or refusal on the part of the District to comply with the terms or to fulfill any of the conditions of this Purchase Agreement, or if for any reason the District shall be unable to perform its obligations under this Purchase Agreement, the District will reimburse the Underwriter for all out-of-pocket expenses (including the fees and disbursements of counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Purchase Agreement or the offering contemplated hereunder.

#### Section 10. Notices.

Any notices to be given to the Trustee under this Purchase Agreement shall be given in writing to The Bank of New York Mellon Trust Company, N.A., \_\_\_\_\_, Los Angeles, California 90071, Attention: \_\_\_\_\_, Vice President. Any notices to be given the Underwriter shall be given in writing to \_\_\_\_\_. Any notices to be given to the District or the Corporation shall be given in writing to Nipomo Community Services District, P.O. Box 326, Nipomo, California 93444-0326, Attention: Mario Iglesias, General Manager.

#### Section 11. No Assignment.

This Purchase Agreement has been executed by the District and the Underwriter, and shall inure to the benefit of the District and the Underwriter and their respective successors or assigns and no persons other than the foregoing shall acquire or have any right under or by virtue of this Purchase Agreement. All of the representations, warranties and agreements contained in this Purchase Agreement shall survive the delivery of and payment for the Certificates and any termination hereof.

#### Section 12. Applicable Law.

This Purchase Agreement shall be interpreted, governed and executed in accordance with the laws of the State of California applicable to contracts made and performed in such state.

#### Section 13. Effectiveness.

This Purchase Agreement shall become effective upon the execution hereof by the Underwriter and the District and shall be valid and enforceable from and after the time of such execution.

#### Section 14. Severability.

In the event any provision of this Purchase Agreement shall be declared invalid or unenforceable by any court of competent jurisdiction, such shall not invalidate or render unenforceable any other provision hereof.

#### Section 15. Execution in Counterparts; Electronic Signatures and Electronic Records.

This Purchase Agreement may be executed and entered into in several counterparts, including counterparts that are manually executed and counterparts that are executed with an electronic signature, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument. The person associated with any such signature shall be deemed to have had the intent to sign this Purchase Agreement with an electronic signature and agrees that execution of this Purchase Agreement by electronic signature is attributable to such person. All parties executing this Purchase Agreement expressly agree under the California Uniform Electronic Transactions Act ("UETA") (California Civil Code §1633.1 et seq.), that this Purchase Agreement and all other agreements, certificates, opinions and similar records ("documents") relating to the Certificates constitute a "transaction" under the UETA and expressly agree to allow all aspects of the transaction to which the UETA can apply to be conducted by electronic means. For these purposes, a signature by fax, e-mail, or other electronic technology on a document relating to the Certificates shall constitute an "electronic signature" to an "electronic record" under the UETA with respect to this specific transaction.

An electronic signature means a signature that is executed by symbol attached to or logically associated with a record and includes facsimile signatures or signatures transmitted by electronic mail in so-called PDF format. All parties to this Purchase Agreement (a) agree that an electronic signature, whether digital or encrypted, of a party to this Purchase Agreement or any other electronic record associated with the Certificates is intended to authenticate this writing and to have the same force and effect as a manual signature; (b) intended to be bound by the signatures (whether original, faxed, or electronic) on any document relating to the Certificates sent or delivered by facsimile or electronic mail or other electronic means; (c) are aware that the other party(ies) will rely on such signatures; and, (d) hereby waive any defenses to the enforcement of the terms of this Purchase Agreement or any other document related to the Certificates based on the foregoing forms of signature.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, each of the undersigned has executed this Purchase Agreement by its duly authorized officer.

\_\_\_\_\_, as Underwriter

By \_\_\_\_\_  
Managing Director

NIPOMO COMMUNITY SERVICES DISTRICT

By \_\_\_\_\_  
General Manager

Accepted at \_\_\_\_\_ p.m. Pacific Time on this \_\_\_\_\_ day of February, 2022.



**Appendix A**

**MATURITY SCHEDULE**

\$(principal amount)  
NIPOMO COMMUNITY SERVICES DISTRICT  
Wastewater Revenue Certificates of Participation  
Series 2022

<u>Maturity (June 1)</u>	<u>Principal Component</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>10% Test Used</u>	<u>Hold the Price</u>
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\* Yield to the first optional prepayment date of June 1, 20\_\_.

*Optional Prepayment*

*Prepayment From Net Insurance and Condemnation Proceeds*

*Mandatory Sinking Fund Prepayment*

[Remainder of page intentionally left blank.]

## Appendix B

### FORM OF ISSUE PRICE CERTIFICATE

\$[principal amount]  
NIPOMO COMMUNITY SERVICES DISTRICT  
Wastewater Revenue Certificates of Participation  
Series 2022

The undersigned, \_\_\_\_\_ (the “\_\_\_\_\_”), based on the information available to it, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Certificates”).

A. Issue Price.

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the Certificates, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) \_\_\_\_\_ offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Certificates is attached to this certificate as Schedule B.

(b) As set forth in the Certificate Purchase Agreement, \_\_\_\_\_ agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Certificates of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail or other third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail or other third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Certificates during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities means those Maturities of the Certificates listed in Schedule A hereto as the “General Rule Maturities.”*

(b) *Hold-the-Offering-Price Maturities means those Maturities of the Certificates listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”*

(c) *Holdings Period* means, with respect to a *Hold-the-Offering-Price Maturity*, the period starting on the *Sale Date* and ending on the earlier of (i) the close of the fifth business day after the *Sale Date*, or (ii) the date on which Piper has sold at least 10% of such *Hold-the-Offering-Price Maturity* to the Public at prices that are no higher than the *Initial Offering Price* for such *Hold-the-Offering-Price Maturity*.

(d) *Issuer* means the Nipomo Community Services District.

(e) *Maturity* means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to the Underwriter.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The *Sale Date* of the Certificates is February \_\_, 2022.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the Public).

(i) *Related Party* means any entity if the Underwriter and such entity are subject, directly or indirectly, to (i) more than 50 percent common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50 percent common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50 percent common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other);

B. Weighted Average Maturity.

Using industry standard software, we have calculated the weighted average maturity of the Certificates to be not greater than \_\_\_\_\_ years.

C. Arbitrage Yield.

Using industry standard software, we have calculated the arbitrage yield on the Certificates to be not greater than \_\_\_\_\_%.

We understand that the representations contained herein may be relied upon by the Issuer in making certain of the representations contained in the Tax Certificate, and we further understand that Norton Rose Fulbright US LLP as special counsel, may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of interest on the Certificates pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws; in particular the regulations under the Code, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

The undersigned is authorized to execute this certificate on behalf of the Underwriter, which certifications are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

\_\_\_\_\_, as Underwriter

By: \_\_\_\_\_  
Managing Director

**SCHEDULE A**

[\$principal amount]  
NIPOMO COMMUNITY SERVICES DISTRICT  
Wastewater Revenue Certificates of Participation  
Series 2022

<b><u>Maturity</u></b> <b><u>(June 1)</u></b>	<b><u>Principal</u></b> <b><u>Component</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>10% Test</u></b> <b><u>Used</u></b>	<b><u>Hold the</u></b> <b><u>Price</u></b>
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\* Yield to the first optional prepayment date of June 1, 20\_\_.

**SCHEDULE B**  
PRICING WIRE OR EQUIVALENT COMMUNICATION

[see attached]