

TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS *LSB*
GENERAL MANAGER
DATE: JANUARY 3, 2020



**COUNTY APPROVAL OF ASSESSMENT DISTRICT NO. 2020-1
(BLACKLAKE SEWER CONSOLIDATION)**

ITEM

Recommend adoption of a Resolution Requesting Consent of the Board of Supervisors of the County of San Luis Obispo to the Formation of Proposed Nipomo Community Services District Assessment District No. 2020-1 (Blacklake Sewer Consolidation) and the Approval of the Proposed Resolution of Intention Therefore

BACKGROUND

The Board of Directors has initiated proceedings for the formation of an assessment district (the "Assessment District"), pursuant to the provisions of the Municipal Improvement Act of 1913 (the "Improvement Act") for the purpose of financing the improvements necessary to combine the Town and Blacklake sewer systems. A portion of the improvements to be financed lie outside the boundaries of the District and within San Luis Obispo County jurisdiction. Section 10103 of the Improvement Act requires consent of the entity where such improvements lie. Section 10104 of the Improvement Act requires approval of the city or county jurisdiction if the forming entity of an assessment district is not a city or county.

Therefore, before the Board of Directors may adopt a resolution of intention initiating such assessment district proceedings, it must submit the proposed resolution of intention (ROI) to and obtain the consent of the Board of Supervisors of the San Luis Obispo County (the "San Luis Obispo County Board") to the formation of the proposed Assessment District and the approval of the form of the Resolution of Intention (ROI), the boundary map and the proposed improvements.

A resolution requesting appropriate approvals is attached along with a proposed resolution for the San Luis Obispo County Board and a proposed ROI and boundary map for the Assessment District.

FISCAL IMPACT

Funds for initial stage of Assessment District are included in the FY 2019-20 Budget.

STRATEGIC PLAN

Goal 2. FACILITIES THAT ARE RELIABLE, ENVIRONMENTALLY SENSIBLE AND EFFICIENT. Plan, provide for and maintain District facilities and other physical assets to achieve reliable, environmentally sensible, and efficient District operations.

- A.2 Develop a pathway to complete needed upgrades and replacements for the Blacklake wastewater treatment plant.
- B.1 NCSD shall maintain long-range infrastructure management, upgrade and replacement planning.

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Goal 4. FINANCE. Maintain conservative, long-term financial management to minimize rate impacts on customers while meeting program financial needs.

- B.1 Evaluate, plan for and maintain finances that are adequate for all needs, stable, and reliable over the long-term.
- B.5 Maintain adequate rates to fund future capital replacements.

RECOMMENDATION

Staff recommends that the Board adopt the following resolution:

Resolution Requesting Consent of the Board of Supervisors of the County of San Luis Obispo to the Formation of Proposed Nipomo Community Services District Assessment District No. 2020-1 (Blacklake Sewer Consolidation) and the Approval of the Proposed Resolution of Intention Therefore

ATTACHMENTS

- A. NCSD Resolution No. 2020-XXX, Requesting Consent
- B. Draft Board of Supervisors County Resolution Granting Consent
- C. Boundary Map
- D. Draft Letter to County.

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ITEM E-2

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2020-_____**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO
COMMUNITY SERVICES DISTRICT REQUESTING CONSENT OF THE
BOARD OF SUPERVISORS OF THE COUNTY OF SAN LUIS OBISPO
TO THE FORMATION OF PROPOSED NIPOMO COMMUNITY
SERVICES DISTRICT ASSESSMENT DISTRICT NO. 2020-1
(BLACKLAKE SEWER CONSOLIDATION) AND THE APPROVAL OF
THE PROPOSED RESOLUTION OF INTENTION THEREFORE**

WHEREAS, the Board of Directors (the "Board") of the Nipomo Community Services District (the "District") proposes to adopt a Resolution of Intention initiating proceedings for the formation of an Assessment District to be designated "Nipomo Community Service District Assessment District No. 2020-1 (Blacklake Sewer Consolidation)" (the "Assessment District"), pursuant to the provisions of the Municipal Improvement Act of 1913 (the "Improvement Act"), being Division 12 (commencing with Section 10000) of the Streets and Highways Code of the State of California, Article XIID of the Constitution of the State of California ("Article XIID") and the Proposition 218 Omnibus Implementation Act (commencing with Section 53750) of the Government Code of the State of California for the purpose of financing the acquisition or construction of certain public improvements (the "Improvements") within such Assessment District as described in the proposed Resolution of Intention is attached hereto as Exhibit "A" and incorporated herein by reference (the "Resolution of Intention"); and

WHEREAS, the territory proposed for inclusion in the proposed Assessment District includes parcels of land located only within the District and the County of San Luis Obispo (the "County"); and

WHEREAS, a portion of the Improvements is proposed to be located within the County; and

WHEREAS, a map indicating by a boundary line the extent of territory included within the proposed Assessment District (the "Boundary Map") has been presented to the Board; and

WHEREAS, pursuant to Sections 10103 and 10104 of the Improvement Act and Sections 5117 and 5118 of the Improvement Act of 1911, Division 7 (commencing with Section 5000) of the Streets and Highways Code, before the Board may adopt a resolution of intention to form the Assessment District (the "Resolution of Intention"), it must submit the proposed Resolution of Intention to and obtain the consent of the Board of Supervisors of the County (the "County Board of Supervisors") to the formation of the proposed Assessment District and the approval of the Resolution of Intention and the proposed Improvements;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Nipomo Community Services District Board of Directors as follows:

SECTION 1. The Board hereby requests, pursuant to Sections 10103 and 10104 of the Improvement Act, the consent of the County Board of Supervisors to the formation of the proposed Assessment District and the approval thereof of the Resolution of Intention

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2020-____**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT REQUESTING CONSENT OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN LUIS OBISPO TO THE FORMATION OF PROPOSED NIPOMO COMMUNITY SERVICES DISTRICT ASSESSMENT DISTRICT NO. 2020-1 (BLACKLAKE SEWER CONSOLIDATION) AND THE APPROVAL OF THE PROPOSED RESOLUTION OF INTENTION THEREFORE

and the Improvements as presented to the Board at the meeting at which this resolution is adopted.

SECTION 2. The District shall hold harmless and indemnify the County, its officers and employees, from any and all causes of action, claims, losses or damages which may arise, directly or indirectly, from the action of the County Board of Supervisors in reviewing and granting its consent to the formation of the Assessment District and approving the Resolution of Intention and the Improvements.

SECTION 3. The Secretary of the District shall transmit a certified copy of this resolution together with copies of the proposed Resolution of Intention and Boundary Map to the County Clerk of the County.

Upon a motion by Director _____, seconded by Director _____, on the following roll call vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

the foregoing resolution is hereby passed and adopted on this ____ day of _____, 2020.

DAN A. GADDIS
President of the Board

ATTEST:

APPROVED AS TO FORM:

MARIO IGLESIAS
Secretary to the Board

CRAIG A. STEELE
District Legal Counsel

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2020-_____**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT REQUESTING CONSENT OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN LUIS OBISPO TO THE FORMATION OF PROPOSED NIPOMO COMMUNITY SERVICES DISTRICT ASSESSMENT DISTRICT NO. 2020-1 (BLACKLAKE SEWER CONSOLIDATION) AND THE APPROVAL OF THE PROPOSED RESOLUTION OF INTENTION THEREFORE

EXHIBIT "A"

DRAFT RESOLUTION OF INTENTION

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2020-_____**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT DECLARING ITS INTENTION TO ORDER IMPROVEMENTS FOR PROPOSED NIPOMO COMMUNITY SERVICES DISTRICT ASSESSMENT DISTRICT NO. 2020-1 (BLACKLAKE SEWER CONSOLIDATION) PURSUANT TO THE MUNICIPAL IMPROVEMENT ACT OF 1913 AND IN ACCORDANCE WITH ARTICLE XIID OF THE CALIFORNIA CONSTITUTION, AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Board of Directors of the Nipomo Community Services District ("District"), desires to initiate proceedings for the formation of an assessment district (the "Assessment District"), pursuant to the provisions of the Municipal Improvement Act of 1913 (the "Improvement Act"), being Division 12 (commencing with Section 10000) of the Streets and Highways Code of the State of California, Article XIID of the Constitution of the State of California ("Article XIID"), the Special Assessment Investigation, Limitation and Majority Protest Act of 1931, being Division 4 of the Streets and Highways Code of the State of California (commencing with Section 2800), and the Proposition 218 Omnibus Implementation Act (commencing with Section 53750) of the Government Code of the State of California, and for the issuance of bonds in the proceedings under the Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State of California (commencing with Section 8500) (the "Bond Act"), to finance the acquisition and construction of certain public capital facilities to its wastewater system for the purpose of combining the Town and Blacklake sewer systems (the "Improvements"), of benefit to the properties within the proposed Assessment District; and

WHEREAS, the territory proposed for inclusion in the proposed Assessment District includes only parcels of land located within the District that will be specially benefited by the Improvements; and

WHEREAS, a portion of the Improvements are proposed to be located within the County of San Luis Obispo (the "County"); and

WHEREAS, pursuant to Sections 10103 and 10104 of the Improvement Act and Sections 5117 and 5118 of the Improvement Act of 1911, Division 7 (commencing with Section 5000) of the Streets and Highways Code, before the Board of Directors may adopt a resolution of intention initiating such proceedings, it must submit the proposed resolution of intention to and obtain the consent of the Board of Supervisors of the San Luis Obispo County (the "San Luis Obispo County Board") to the formation of the proposed Assessment District and the approval of the form of this Resolution of Intention, the Boundary Map (as defined below) and the proposed Improvements;

WHEREAS, the Board of Directors has received consent from the County for the formation of the proposed Assessment District and the approval of the form of this Resolution of Intention, the Boundary Map and the proposed Improvements; and

WHEREAS, the public interest and convenience require the construction and acquisition of the Improvements.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Nipomo Community Services District:

Section 1. The above recitals are true and correct.

Section 2. The proposed improvements (the "Improvements") generally consist of the acquisition and financing of certain public capital facilities to its wastewater system for the purpose of combining the Town and Blacklake sewer systems as more particularly described on Exhibit A attached hereto.

Section 3. By Resolution No. ____ of the County, the County has consented to the formation of the proposed Assessment District and approved the form of this Resolution of Intention, the Boundary Map and the proposed Improvements for the proposed Assessment District.

Section 4. The District shall hold harmless and indemnify San Luis Obispo County, its officers and employees, from any and all causes of action, claims, losses or damages which may arise, directly or indirectly, from the action of the San Luis Obispo County Board in reviewing and granting its consent to the formation of the Assessment District and approving this Resolution of Intention form, the Boundary Map and the Improvements.

Section 5. The Board of Directors hereby (i) finds that the public interest, necessity and convenience require the acquisition, improvement, and financing of the Improvements, and (ii) declares its intention to order the Improvements and form an assessment district to be known as the "Nipomo Community Services District Assessment District No. 2020-1 (Blacklake Sewer Consolidation)" pursuant to the Improvement Act. Unless otherwise specifically provided, all Improvements and work to be funded by the Assessment District shall be made and done pursuant to the Improvement Act.

Section 6. The Board of Directors hereby declares that the territory within the boundaries hereinafter specified and described as the Assessment District is the land specially benefitted by the Improvements to be made and to be assessed to pay the costs and expenses thereof; that the expense of the Improvements is hereby made chargeable upon the Assessment District; and that the exterior boundaries of the Assessment District are hereby specified and described to be shown on that certain map now on file in the office of the Secretary of the District entitled "Nipomo Community Services District Assessment District No. 2020-1 (Blacklake Sewer Consolidation) - Assessment Diagram/Boundary Map" (the "Boundary Map"), which map indicates by a boundary line the extent of the territory included in the proposed Assessment District. On the original and a copy of the Boundary Map of the Assessment District on file in the Secretary's office, the Secretary shall endorse the certificate evidencing the date and adoption of this Resolution of Intention. The Secretary shall file the original of the Boundary Map in his or her office and, within fifteen (15) days after adoption of the resolution fixing the time and place of hearing on the formation and extent of the Assessment District, the Secretary

shall file a copy of the Boundary Map so endorsed in the records of the County Recorder, County of San Luis Obispo, State of California.

Section 7. The Board of Directors hereby reconfirms the appointment and designation of the [Principal Civil Engineer] of the District to perform the duties and functions of the Superintendent of Streets in connection with such proceedings.

Section 8. The proposed Improvements are hereby referred to Willdan Financial Services, as Assessment Engineer, to make and file with the Secretary of the District a report in writing in accordance with Article XIID, Section 4 of the California Constitution and Section 10204 of the Improvement Act. The District intends to comply with the requirements of Part 7.5 of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931, and hereby directs the Assessment Engineer to include in the report all of the information required in Section 2961 of the California Streets and Highways Code. The Board of Directors hereby declares its intention to authorize an annual assessment for administration and collection purpose pursuant to Section 10204(f) of the Improvement Act as shall be provided in the report.

Section 9. The Board of Directors hereby determines that it is in the public interest and more economical to do work on private property to eliminate any disparity in level or size between the proposed Improvements and private property than to adjust the work on public property to eliminate such disparity.

Section 10. Pursuant to Section 4 of Article XIID of the Constitution of the State of California, parcels within the assessment district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment, unless the District can demonstrate by clear and convincing evidence that such publicly owned parcels in fact receive no special benefit.

Section 11. Notice is hereby given that bonds to represent unpaid assessments, and which bear interest at a fixed or variable interest rate of not to exceed twelve percent (12%) per annum, or such higher maximum interest rate as may be provided in the resolution of issuance, will be issued hereunder in the manner provided in the Bond Act, and the last installment of such bonds shall mature in not to exceed 39 years from the second of September next succeeding twelve (12) months from their date. The alternate procedure for collecting assessments and advance retirement of bonds as set forth in Part 11.1 of the Bond Act shall apply herein. Pursuant to Section 8650.1 of the Bond Act, the Board of Directors may determine that the principal amount of bonds maturing or becoming subject to mandatory prior redemption each year shall be other than the amount equal to an even annual proportion of the aggregate principal of the bonds.

Section 12. The Board of Directors hereby further declares that it is its intention to covenant that, upon default of any assessment payment due (except under certain circumstances to be specified in the fiscal agent agreement or trust indenture for the bonds) it will cause foreclosure proceedings to be brought, as permitted by Section 8830(b) of the Bond Act.

Section 13. The Board of Directors hereby further declares that it is its intention to create a special reserve fund as permitted by Sections 8880-8886 of the Bond Act.

Section 14. The Board of Directors hereby finds and determines that if the assessment proposed herein results in a surplus in the improvement fund to be provided for in the proceedings hereafter taken pursuant to this Resolution of Intention, after the improvements are acquired or constructed, the surplus shall be used or allocated in accordance with the provisions of Sections 10427 to 10427.2, inclusive, of the Improvement Act.

Section 15. The Board of Directors hereby designates the General Manager and Secretary to the Board of Directors (General Manager or Secretary depending on the context), or the designated agent of the General Manager, to collect and receive the assessments.

Section 16. Pursuant to Streets and Highways Code Section 8769, the Board of Directors hereby determines and declares that the District will not obligate itself to advance available funds from the District treasury to cure any deficiency which may occur in the bond redemption fund; provided, however, this determination shall not prevent the District from, in its sole and unbridled discretion, advancing funds for such purpose as otherwise provided in the Bond Act.

Section 17. The Board of Directors hereby declares that the bonds issued for the proposed Assessment District shall be refundable in accordance with the provisions of the "Refunding Act of 1984 for 1915 Improvement Act Bonds." The specific conditions under which said bonds may be refunded include the condition that there be a reduction in the interest cost to maturity by reason of the refunding of such bonds and the condition that the refunding bonds shall bear interest at a maximum rate, and shall have a maximum number of years to maturity, not in excess of the maximum rate and years to maturity, respectively, then permitted by law. Any adjustment to assessments resulting from any such refunding will be done on a pro rata basis.

Section 18. Whenever, in the Improvement Act or in the Bond Act a notice, resolution, order or other matter relative to said proceedings for the work, acquisitions and improvements in said assessment district is required to be published, the Secretary is hereby ordered to publish such notice, resolution or other matter in the [Santa Maria Times and/or the Tribune], which is hereby selected by the Board of Directors for that purpose.

Section 19. The Secretary shall transmit a certified copy of this Resolution of Intention and Boundary Map to the County Clerk of San Luis Obispo.

Section 20. This resolution shall take effect immediately.

Upon a motion by Director _____, seconded by Director _____, on the following roll call vote, to wit:

AYES:
NOES:

ABSTAIN:

ABSENT:

the foregoing resolution is hereby passed and adopted on this ____ day of _____, 2020.

DAN A. GADDIS
President of the Board

ATTEST:

APPROVED AS TO FORM:

MARIO IGLESIAS
Secretary to the Board

CRAIG A. STEELE
District Legal Counsel

EXHIBIT A

The improvements proposed to be funded through Nipomo Community Services District Assessment District No. 2020-1 (Blacklake Sewer Consolidation) are briefly described as follows:

The design, acquisition, installation and construction of certain public capital sewer facilities, together with appurtenances and appurtenant work related thereto, including but not limited to the acquisition and installation of a lift station and related improvements, decommissioning of a water reclamation facility, repair of existing sewer pump stations and collection system, and acquisition and installation of force main pipeline, for the purpose of combining the Blacklake and Town sewer systems, and all related permits, fees, bonds, construction management, and construction engineering (e.g. soils, survey, archeological), and incidental and administrative costs associated therewith.

EXHIBIT B

BOUNDARY MAP

DRAFT

**BOUNDARY MAP
ASSESSMENT DISTRICT NO. 1
(BLACKLAKE SEWER SYSTEM CONSOLIDATION)
NIPOMO COMMUNITY SERVICES DISTRICT
COUNTY OF SAN LUIS OBISPO
STATE OF CALIFORNIA**



FILED IN THE OFFICE OF THE SECRETARY/CLERK OF THE NIPOMO COMMUNITY SERVICES DISTRICT THIS ____ DAY OF ____ 2020.

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF ASSESSMENT DISTRICT NO. 1 (BLACKLAKE SEWER SYSTEM CONSOLIDATION), NIPOMO COMMUNITY SERVICES DISTRICT, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT AT A REGULAR MEETING THEREOF, HELD ON THE ____ DAY OF ____ 2020 BY ITS RESOLUTION NO. _____.

SECRETARY/CLERK
NIPOMO COMMUNITY SERVICES DISTRICT

FILED THIS ____ DAY OF ____ 2020 AT THE HOUR OF ____ O'CLOCK ____ AM IN BOOK ____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PARCELS ____ AT THE REQUEST OF THE NIPOMO COMMUNITY SERVICES DISTRICT IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA.

EXEMPT RECORDING PER GOVERNMENT CODE §143

FEEL: _____

INSTRUMENT NO.: _____

TOUHY GOHIL, COUNTY CLERK-RECORDER

BY DEPUTY
COUNTY RECORDER
COUNTY OF SAN LUIS OBISPO

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS DIAGRAM SHALL BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE SAN LUIS OBISPO COUNTY ASSESSOR'S MAPS FOR THOSE PARCELS LISTED.

THE SAN LUIS OBISPO COUNTY ASSESSOR'S MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.

A
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ATTACHMENT B

RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF SAN LUIS OBISPO GRANTING CONSENT TO THE
FORMATION OF AN ASSESSMENT DISTRICT BY THE
NIPOMO COMMUNITY SERVICES DISTRICT**

WHEREAS, the Board of Directors of the Nipomo Community Services District (“Nipomo CSD”) proposes to adopt a Resolution of Intention (the “Resolution of Intention”) to initiate proceedings to consider the formation of a special assessment district designated as “Nipomo Community Services District Assessment District No. 2020-1 (Blacklake Sewer Consolidation) (the “Assessment District”), under the provisions of the Municipal Improvement Act of 1913, being Division 12 (commencing with Section 10000) of the Streets and Highways Code of the State of California, (the “Improvement Act”), Article XIIIID of the Constitution of the State of California (“Article XIIIID”) and the Proposition 218 Omnibus Implementation Act (Government Code Sections, 53750, and following) (together with the Improvement Act and Article XIIIID, the “Assessment Law”), to finance the acquisition or construction of certain public capital facilities to its wastewater system for the purpose of combining the Town and Blacklake sewer systems to be located in and to specially benefit certain real property located partially in the County of San Luis Obispo (the “County”); and

WHEREAS, Sections 5117 and 5118 of the Improvement Act of 1911 and Sections 10303 and 10104 of the Improvement Act provide that, (i) when a public agency other than a city or county initiates proceedings under the Improvement Act to consider the formation of an assessment district, and (ii) when another public agency initiates proceedings under the Improvement Act to consider the formation of an assessment district to include improvements within territory of the County, the Board of Supervisors of the County must consent to the formation of such assessment district and approve the proposed Resolution of Intention of such legislative body to form such assessment district and the Improvements proposed to be constructed, prior to the adoption of such Resolution of Intention by such legislative body; and

WHEREAS, a map indicating by a boundary line the extent of territory included within the proposed Assessment District (the “Boundary Map”) has been presented to the Board; and

WHEREAS, the Board of Directors of the Nipomo CSD has requested that the Board of Supervisors of the County consent to the formation of the Assessment District and approve the Resolution of Intention, attached hereto, the Boundary Map and the Improvements described in the Exhibit “A” to the Resolution of Intention (the “Improvements”;

NOW, THEREFORE, the Board of Supervisors, does hereby resolve and determine as follows:

Section 1. The above recitals are all true and correct.

Section 2. Pursuant to the Improvement Act, the Board of Directors of the County of San Luis Obispo hereby consents to the formation of the Assessment District and approves the Resolution of Intention, the Boundary Map and the Improvements.

Section 3. The foregoing approval of the Board of Supervisors of the County of San Luis Obispo is conditional upon (a) compliance by the Nipomo CSD with the provisions of the Assessment Law in undertaking the proceedings to consider the formation of the Assessment District and in levying any assessment upon the properties within the Assessment District and (b) the agreement by Nipomo CSD as specified in the Resolution of Intention that Nipomo CSD shall hold harmless and indemnify the County, its officers and employees, from any and all causes of action, claims, losses or damages which may arise, directly or indirectly, from the action of the County in reviewing and granting its consent to the formation of the Assessment District and approving the Resolution of Intention, the Boundary Map and the Improvements.

Section 4. The County Clerk of the County is hereby directed to certify and transmit a copy of this Resolution to the Secretary of Nipomo CSD.

Section 5. This resolution shall take effect immediately upon its adoption.

Upon motion of Supervisor _____, seconded by Supervisor _____, and on the following roll call, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

the foregoing resolution is hereby adopted.

By _____
Chairperson of the Board of Supervisors
County of San Luis Obispo

ATTEST:

Clerk of the Board of Supervisors

[SEAL]

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL
County Counsel

By: _____
Deputy County Counsel

Dated: _____

EXHIBIT "A"

RESOLUTION NO. 2020-_____

OF THE NIPOMO COMMUNITY SERVICES DISTRICT

(including proposed Boundary Map)

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2020-_____**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT DECLARING ITS INTENTION TO ORDER IMPROVEMENTS FOR PROPOSED NIPOMO COMMUNITY SERVICES DISTRICT ASSESSMENT DISTRICT NO. 2020-1 (BLACKLAKE SEWER CONSOLIDATION) PURSUANT TO THE MUNICIPAL IMPROVEMENT ACT OF 1913 AND IN ACCORDANCE WITH ARTICLE XIID OF THE CALIFORNIA CONSTITUTION, AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Board of Directors of the Nipomo Community Services District (“District”), desires to initiate proceedings for the formation of an assessment district (the “Assessment District”), pursuant to the provisions of the Municipal Improvement Act of 1913 (the “Improvement Act”), being Division 12 (commencing with Section 10000) of the Streets and Highways Code of the State of California, Article XIID of the Constitution of the State of California (“Article XIID”), the Special Assessment Investigation, Limitation and Majority Protest Act of 1931, being Division 4 of the Streets and Highways Code of the State of California (commencing with Section 2800), and the Proposition 218 Omnibus Implementation Act (commencing with Section 53750) of the Government Code of the State of California, and for the issuance of bonds in the proceedings under the Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State of California (commencing with Section 8500) (the “Bond Act”), to finance the acquisition and construction of certain public capital facilities to its wastewater system for the purpose of combining the Town and Blacklake sewer systems (the “Improvements”), of benefit to the properties within the proposed Assessment District; and

WHEREAS, the territory proposed for inclusion in the proposed Assessment District includes only parcels of land located within the District that will be specially benefited by the Improvements; and

WHEREAS, a portion of the Improvements are proposed to be located within the County of San Luis Obispo (the “County”); and

WHEREAS, pursuant to Sections 10103 and 10104 of the Improvement Act and Sections 5117 and 5118 of the Improvement Act of 1911, Division 7 (commencing with Section 5000) of the Streets and Highways Code, before the Board of Directors may adopt a resolution of intention initiating such proceedings, it must submit the proposed resolution of intention to and obtain the consent of the Board of Supervisors of the San Luis Obispo County (the “San Luis Obispo County Board”) to the formation of the proposed Assessment District and the approval of the form of this Resolution of Intention, the Boundary Map (as defined below) and the proposed Improvements;

WHEREAS, the Board of Directors has received consent from the County for the formation of the proposed Assessment District and the approval of the form of this Resolution of Intention, the Boundary Map and the proposed Improvements; and

WHEREAS, the public interest and convenience require the construction and acquisition of the Improvements.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Nipomo Community Services District:

Section 1. The above recitals are true and correct.

Section 2. The proposed improvements (the "Improvements") generally consist of the acquisition and financing of certain public capital facilities to its wastewater system for the purpose of combining the Town and Blacklake sewer systems as more particularly described on Exhibit A attached hereto.

Section 3. By Resolution No. ____ of the County, the County has consented to the formation of the proposed Assessment District and approved the form of this Resolution of Intention, the Boundary Map and the proposed Improvements for the proposed Assessment District.

Section 4. The District shall hold harmless and indemnify San Luis Obispo County, its officers and employees, from any and all causes of action, claims, losses or damages which may arise, directly or indirectly, from the action of the San Luis Obispo County Board in reviewing and granting its consent to the formation of the Assessment District and approving this Resolution of Intention form, the Boundary Map and the Improvements.

Section 5. The Board of Directors hereby (i) finds that the public interest, necessity and convenience require the acquisition, improvement, and financing of the Improvements, and (ii) declares its intention to order the Improvements and form an assessment district to be known as the "Nipomo Community Services District Assessment District No. 2020-1 (Blacklake Sewer Consolidation)" pursuant to the Improvement Act. Unless otherwise specifically provided, all Improvements and work to be funded by the Assessment District shall be made and done pursuant to the Improvement Act.

Section 6. The Board of Directors hereby declares that the territory within the boundaries hereinafter specified and described as the Assessment District is the land specially benefitted by the Improvements to be made and to be assessed to pay the costs and expenses thereof; that the expense of the Improvements is hereby made chargeable upon the Assessment District; and that the exterior boundaries of the Assessment District are hereby specified and described to be shown on that certain map now on file in the office of the Secretary of the District entitled "Nipomo Community Services District Assessment District No. 2020-1 (Blacklake Sewer Consolidation) - Assessment Diagram/Boundary Map" (the "Boundary Map"), which map indicates by a boundary line the extent of the territory included in the proposed Assessment District. On the original and a copy of the Boundary Map of the Assessment District on file in the Secretary's office, the Secretary shall endorse the certificate evidencing the date and adoption of this Resolution of Intention. The Secretary shall file the original of the Boundary Map in his or her office and, within fifteen (15) days after adoption of the resolution fixing the time and place of hearing on the formation and extent of the Assessment District, the Secretary

shall file a copy of the Boundary Map so endorsed in the records of the County Recorder, County of San Luis Obispo, State of California.

Section 7. The Board of Directors hereby reconfirms the appointment and designation of the [Principal Civil Engineer] of the District to perform the duties and functions of the Superintendent of Streets in connection with such proceedings.

Section 8. The proposed Improvements are hereby referred to Willdan Financial Services, as Assessment Engineer, to make and file with the Secretary of the District a report in writing in accordance with Article XIID, Section 4 of the California Constitution and Section 10204 of the Improvement Act. The District intends to comply with the requirements of Part 7.5 of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931, and hereby directs the Assessment Engineer to include in the report all of the information required in Section 2961 of the California Streets and Highways Code. The Board of Directors hereby declares its intention to authorize an annual assessment for administration and collection purpose pursuant to Section 10204(f) of the Improvement Act as shall be provided in the report.

Section 9. The Board of Directors hereby determines that it is in the public interest and more economical to do work on private property to eliminate any disparity in level or size between the proposed Improvements and private property than to adjust the work on public property to eliminate such disparity.

Section 10. Pursuant to Section 4 of Article XIID of the Constitution of the State of California, parcels within the assessment district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment, unless the District can demonstrate by clear and convincing evidence that such publicly owned parcels in fact receive no special benefit.

Section 11. Notice is hereby given that bonds to represent unpaid assessments, and which bear interest at a fixed or variable interest rate of not to exceed twelve percent (12%) per annum, or such higher maximum interest rate as may be provided in the resolution of issuance, will be issued hereunder in the manner provided in the Bond Act, and the last installment of such bonds shall mature in not to exceed 39 years from the second of September next succeeding twelve (12) months from their date. The alternate procedure for collecting assessments and advance retirement of bonds as set forth in Part 11.1 of the Bond Act shall apply herein. Pursuant to Section 8650.1 of the Bond Act, the Board of Directors may determine that the principal amount of bonds maturing or becoming subject to mandatory prior redemption each year shall be other than the amount equal to an even annual proportion of the aggregate principal of the bonds.

Section 12. The Board of Directors hereby further declares that it is its intention to covenant that, upon default of any assessment payment due (except under certain circumstances to be specified in the fiscal agent agreement or trust indenture for the bonds) it will cause foreclosure proceedings to be brought, as permitted by Section 8830(b) of the Bond Act.

Section 13. The Board of Directors hereby further declares that it is its intention to create a special reserve fund as permitted by Sections 8880-8886 of the Bond Act.

Section 14. The Board of Directors hereby finds and determines that if the assessment proposed herein results in a surplus in the improvement fund to be provided for in the proceedings hereafter taken pursuant to this Resolution of Intention, after the improvements are acquired or constructed, the surplus shall be used or allocated in accordance with the provisions of Sections 10427 to 10427.2, inclusive, of the Improvement Act.

Section 15. The Board of Directors hereby designates the General Manager and Secretary to the Board of Directors (General Manager or Secretary depending on the context), or the designated agent of the General Manager, to collect and receive the assessments.

Section 16. Pursuant to Streets and Highways Code Section 8769, the Board of Directors hereby determines and declares that the District will not obligate itself to advance available funds from the District treasury to cure any deficiency which may occur in the bond redemption fund; provided, however, this determination shall not prevent the District from, in its sole and unbridled discretion, advancing funds for such purpose as otherwise provided in the Bond Act.

Section 17. The Board of Directors hereby declares that the bonds issued for the proposed Assessment District shall be refundable in accordance with the provisions of the "Refunding Act of 1984 for 1915 Improvement Act Bonds." The specific conditions under which said bonds may be refunded include the condition that there be a reduction in the interest cost to maturity by reason of the refunding of such bonds and the condition that the refunding bonds shall bear interest at a maximum rate, and shall have a maximum number of years to maturity, not in excess of the maximum rate and years to maturity, respectively, then permitted by law. Any adjustment to assessments resulting from any such refunding will be done on a pro rata basis.

Section 18. Whenever, in the Improvement Act or in the Bond Act a notice, resolution, order or other matter relative to said proceedings for the work, acquisitions and improvements in said assessment district is required to be published, the Secretary is hereby ordered to publish such notice, resolution or other matter in the [Santa Maria Times and/or the Tribune], which is hereby selected by the Board of Directors for that purpose.

Section 19. The Secretary shall transmit a certified copy of this Resolution of Intention and Boundary Map to the County Clerk of San Luis Obispo.

Section 20. This resolution shall take effect immediately.

Upon a motion by Director _____, seconded by Director _____, on the following roll call vote, to wit:

AYES:
NOES:

ABSTAIN:

ABSENT:

the foregoing resolution is hereby passed and adopted on this ____ day of _____, 2020.

DAN A. GADDIS
President of the Board

ATTEST:

APPROVED AS TO FORM:

MARIO IGLESIAS
Secretary to the Board

CRAIG A. STEELE
District Legal Counsel

DRAFT

EXHIBIT A

The improvements proposed to be funded through Nipomo Community Services District Assessment District No. 2020-1 (Blacklake Sewer Consolidation) are briefly described as follows:

The design, acquisition, installation and construction of certain public capital sewer facilities, together with appurtenances and appurtenant work related thereto, including but not limited to the acquisition and installation of a lift station and related improvements, decommissioning of a water reclamation facility, repair of existing sewer pump stations and collection system, and acquisition and installation of force main pipeline, for the purpose of combining the Blacklake and Town sewer systems, and all related permits, fees, bonds, construction management, and construction engineering (e.g. soils, survey, archeological), and incidental and administrative costs associated therewith.

EXHIBIT B

BOUNDARY MAP

DRAFT

**BOUNDARY MAP
ASSESSMENT DISTRICT NO. 1
(BLACKLAKE SEWER SYSTEM CONSOLIDATION)
NIPOMO COMMUNITY SERVICES DISTRICT
COUNTY OF SAN LUIS OBISPO
STATE OF CALIFORNIA**



FILED IN THE OFFICE OF THE SECRETARY/CLERK OF THE NIPOMO COMMUNITY SERVICES DISTRICT THIS ____ DAY OF _____ 2020.

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF ASSESSMENT DISTRICT NO. 1 (BLACKLAKE SEWER SYSTEM CONSOLIDATION), NIPOMO COMMUNITY SERVICES DISTRICT, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT AT A REGULAR MEETING THEREOF, HELD ON THE ____ DAY OF _____ 2020; BY ITS RESOLUTION NO. _____.

SECRETARY/CLERK
NIPOMO COMMUNITY SERVICES DISTRICT

FILED THIS ____ DAY OF _____ 2020 AT THE HOUR OF ____ O'CLOCK ____ M.
IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT
PAGE(S) _____ AT THE REQUEST OF THE NIPOMO COMMUNITY SERVICES DISTRICT IN
THE OFFICE OF THE COUNTY RECORDER, COUNTY OF SAN LUIS OBISPO, STATE OF
CALIFORNIA.

EXEMPT RECORDING PER GOVERNMENT CODE 543

FEES: _____

INSTRUMENT NO.: _____

TOMMY GONG, COUNTY CLERK-RECORDER

BY DEPUTY
COUNTY RECORDER
COUNTY OF SAN LUIS OBISPO

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS DIAGRAM SHALL BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE SAN LUIS OBISPO COUNTY ASSESSOR'S MAPS FOR THOSE PARCELS LISTED.

THE SAN LUIS OBISPO COUNTY ASSESSOR'S MAPS SHALL COVER FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.

B12

JANUARY 8, 2020

ITEM E-2

ATTACHMENT C

**BOUNDARY MAP
ASSESSMENT DISTRICT NO. 1
(BLACKLAKE SEWER SYSTEM CONSOLIDATION)**
NIPOMO COMMUNITY SERVICES DISTRICT
COUNTY OF SAN LUIS OBISPO
STATE OF CALIFORNIA



FILED IN THE OFFICE OF THE SECRETARY/CLERK OF THE NIPOMO COMMUNITY SERVICES DISTRICT THIS ____ DAY OF _____, 2020.

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF ASSESSMENT DISTRICT NO. 1 (BLACKLAKE SEWER SYSTEM CONSOLIDATION), NIPOMO COMMUNITY SERVICES DISTRICT, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA WAS APPROVED BY THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT AT A REGULAR MEETING THEREOF, HELD ON THE ____ DAY OF _____, 2020 BY ITS RESOLUTION NO. _____.

SECRETARY/CLERK
NIPOMO COMMUNITY SERVICES DISTRICT

FILED THIS ____ DAY OF _____, 2020 AT THE HOUR OF ____ O'CLOCK ____ M. IN BOOK ____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT (PROJECT) ____ AT THE REQUEST OF THE NIPOMO COMMUNITY SERVICES DISTRICT IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA.

EXEMPT RECORDING PER GOVERNMENT CODE 5103

FEE: _____

INSTRUMENT NO.: _____

TOMMY GONG, COUNTY CLERK-RECORDER

BY DEPUTY
COUNTY RECORDER
COUNTY OF SAN LUIS OBISPO

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS DIAGRAM SHALL BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE SAN LUIS OBISPO COUNTY ASSESSOR'S MAPS FOR THOSE PARCELS LISTED.

THE SAN LUIS OBISPO COUNTY ASSESSOR'S MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.

17

JANUARY 8, 2020

ITEM E-2

ATTACHMENT D

NIPOMO COMMUNITY

BOARD MEMBERS

DAN ALLEN GADDIS, PRESIDENT
CRAIG ARMSTRONG, VICE PRESIDENT
BOB BLAIR, DIRECTOR
ED EBY, DIRECTOR
DAN WOODSON, DIRECTOR



SERVICES DISTRICT

STAFF

MARIO IGLESIAS, GENERAL MANAGER
LISA BOGNUDA, FINANCE DIRECTOR
PETER SEVCIK, P.E., DIRECTOR OF ENG. & OPS.
WHITNEY MCDONALD, GENERAL COUNSEL

Serving the Community since 1965

148 SOUTH WILSON STREET POST OFFICE BOX 326 NIPOMO, CA 93444 - 0326
(805) 929-1133 FAX (805) 929-1932 Website address: ncsd.ca.gov

January __, 2020

County of San Luis Obispo
[address]

Re: Request to Form the Proposed Nipomo Community Services District Assessment
District No. 2020-1 (Blacklake Sewer Consolidation)

Dear Mr./Ms. _____:

The Nipomo Community Services District (the "District") is contemplating forming the proposed assessment district to finance certain public capital facilities to its wastewater system for the purpose of combining the Town and Blacklake sewer systems (the "Improvements"). A portion of the Improvements are to be located within the jurisdiction of the County of San Luis Obispo (the "County").

Sections 5117, 5118, 10103 and 10104 of the California Streets and Highways Code, require that the District receive consent and approval of the resolution of intention for the assessment district (i) from any jurisdiction in which improvements to be financed by the assessment district lie (if outside the boundaries of the District) and (ii) from the County since the District is not a city or county. Therefore, the District is requesting that the San Luis Obispo County Board of Supervisors consider the attached Resolution giving such consent to the formation of the assessment district, as well as approval of the form of the resolution of intention (to be attached as Exhibit A to the County Resolution).

If you have any questions, please contact, Maryann Goodkind of Norton Rose Fulbright US LLP at (213) 892-9328, or myself.

Sincerely,

NIPOMO COMMUNITY SERVICES DISTRICT

Mario Iglesias
General Manager

Enclosures

D 1

TO: BOARD OF DIRECTORS

REVIEWED: MARIO IGLESIAS
GENERAL MANAGER

FROM: LISA BOGNUDA *LSB*
FINANCE DIRECTOR

DATE: JANUARY 3, 2020



ADOPT RESOLUTION REVISING DISTRICT INVESTMENT POLICY

ITEM

Adopt resolution revising District Investment Policy [RECOMMEND ADOPT RESOLUTION]

BACKGROUND

The California Government Code requires the district to annually review its Investment Policy and consider any changes at a public meeting.

District Legal Counsel has reviewed the Investment Policy and has suggested revisions (Attachment A).

STRATEGIC PLAN

Goal 4. FINANCE. Maintain conservative, long-term financial management to minimize rate impacts on customers while meeting program financial needs.

RECOMMENDATION

Staff recommends your Board adopt Resolution revising Investment Policy.

ATTACHMENTS

- A. Exhibit A – red-line with proposed changes
- B. Resolution 2020-XXX, including Exhibit A

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JANUARY 8, 2020

ITEM E-3

ATTACHMENT A

RESOLUTION 2020-18-1466
EXHIBIT A

INVESTMENT POLICY
NIPOMO COMMUNITY SERVICES DISTRICT

1. INTRODUCTION

This policy establishes the standards under which the District's Finance Officer will conduct business with financial institutions with regard to the investment process.

2. PURPOSE AND SCOPE

This investment policy is intended to outline the guidelines and practices to be used in effectively managing the District's available cash and investment portfolio. It applies to all cash and investment assets of the District except those funds maintained in deferred compensation accounts for employees, ~~and p~~Proceeds of debt issuance that shall be invested in accordance with the permitted investment provisions of their specific bond indentures. District monies not required for immediate expenditure will be invested in compliance with governing provisions of law (Government Code Sections 53600 et seq.) and this policy. Investments shall be made in judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers (Finance Officer) acting in accordance with written procedures and the investment policy and exercising prudence and due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

3. FINANCE OFFICER

The Board of Directors appoints the General Manager as the District Finance Officer and Treasurer. The District's Assistant General Manager shall serve as the District's Finance Officer and Treasurer in the absence of the District's General Manager. The services of any investment or financial advisor to the District shall be governed by the terms and standards set forth in this Policy.

4. SCOPE

The District investment portfolio shall consist of money held in a sinking fund of, or surplus money in, the District's treasury not required for the immediate necessities of the District. The District's investment portfolio shall be invested in accordance with this policy.

5. OBJECTIVES

The primary objectives are safety, liquidity, yield, and compliance.

RESOLUTION 2020-18-1466
EXHIBIT A

INVESTMENT POLICY
NIPOMO COMMUNITY SERVICES DISTRICT

A. SAFETY

The investment portfolio shall be managed in a manner that ensures the preservation of capital. The objective is to minimize credit risk and interest rate risk.

B. LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements. This shall be accomplished by structuring the investment portfolio so that investments mature in advance of cash needs.

C. YIELD

Yield shall be a consideration only after the requirements of safety and liquidity have been met.

D. COMPLIANCE

This Investment Policy is written to be in compliance with applicable California and Federal law.

6. STANDARDS OF CARE

A. PRUDENCE

The Finance Officer will manage the portfolio pursuant to the "Prudent Investor Standard." When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds in the District's investment portfolio, the Finance Officer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

B. DISCLOSURES

Finance Officer shall disclose any material interest in financial institutions or professionals with which he/she conducts the District business, and shall comply with all applicable laws relating to conflicts of interest.

7. INVESTMENTS AUTHORITY

A. PERMITTED INVESTMENTS

The District Finance Officer is authorized to deposit or invest District funds only in the following institutions and investments:

1. County pooled funds (California Government Code §§53635, 61053)
2. The Local Agency Investment Fund created by the California State Treasury (California Government Code § 16429.1)
3. One or more FDIC insured Banks and/or Savings and Loan Associations that are designated as District depositories by resolution of the Board of Directors (California Government Code § 61053).
4. Such other financial institutions or securities that may be designated by the Board of Directors from time to time in compliance with California and Federal law.

RESOLUTION 2020-18-1466
EXHIBIT A

INVESTMENT POLICY
NIPOMO COMMUNITY SERVICES DISTRICT

B. PROHIBITED INVESTMENTS

The District's Finance Officer shall not invest in:

1. Inverse floaters, range notes or interest only strips that are derived from a pool of mortgages.
2. Any security that could result in a zero interest accrual if held to maturity.
3. A state or federal credit union, if a member of the District's Board of Directors or an administrative officer also serves on the Board of Directors, or any committee appointed by the Board of Directors, or the credit committee or supervisory committee, of the state or federal credit union.
4. Those investments or institutions not permitted by this Policy, or by action of the Board of Directors.

C. DIVERSIFIED INVESTMENTS

Investments, other than investments referenced in paragraphs 7-A (1) and (2) above, will be diversified to avoid losses that may be associated with any one investment.

8. REPORTS

A. MONTHLY REPORT

Finance Officer/Treasurer shall make monthly reports to the Board with the following information:

- Investments made or retired during the preceding month.
- Single transfers between permitted institutions of greater than \$150,000 .

B. QUARTERLY REPORT

Finance Officer/Treasurer shall file a quarterly report that identifies the District's investments and their compliance with the District's Investment Policy. The quarterly report must be filed with the District's auditor and considered by the District's Board of Directors within thirty (30) days after the end of each quarter (i.e., by May 1, August 1, November 1, and February 1) (California Government Code § 53646). Required elements of the quarterly report are as follows:

1. Type of Investment
2. Institution/issuer
3. Date of Maturity (if applicable)
4. Amount of deposit or cost of the security, including par and dollar amount invested on all securities, investments, and moneys held by the District
5. Current market value of securities, with identification of the source of the valuation, for all securities held by the District as well as securities under the management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund
6. Rate of Interest
7. Statement of compliance with the Statement of Investment Policy or the manner in which the portfolio is not in compliance
8. Statement of the District's ability to meet cash flow requirements, including any pool expenditure requirements, for the next six months, or an explanation as to why sufficient money may not be available
9. Accrued Interest (if applicable)

RESOLUTION 2020-18-1466

EXHIBIT A

INVESTMENT POLICY
NIPOMO COMMUNITY SERVICES DISTRICT

10. Description of any of the District's funds, investments, or programs that are under the management of contracted parties, including lending programs

C. ANNUAL REPORT

Prior to February 1, of each year, the Finance Officer/Treasurer shall file and submit an annual report to the District's auditor and Board of Directors which will contain the same information required in the quarterly report.

The annual report will include a recommendation to the Board of Directors to either:

1. Readopt the District's then current annual Investment Policy; or
2. Amend the District's then current Investment Policy.

D. LIMITED QUARTERLY REPORT

If the District has placed all of its investments in the Local Agency Investment Fund (LAIF) created by California Government Code § 16429.1, or in Federal Deposit Insurance Corporation, insured accounts in a bank or savings and loan association, in a County investment pool, or any combination of these, the Finance Officer may submit to the Board of Directors and the auditor of the District the most recent statement or statements received by the District from these institutions in lieu of the information required in paragraph 8.B, above. This special reporting policy does not relieve the Finance Officer of the obligation to prepare an annual investment report as identified in paragraph 8.C, above.

JANUARY 8, 2020

ITEM E-3

ATTACHMENT B

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2020-XXXX**

**A RESOLUTION OF THE
BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING A REVISED DISTRICT INVESTMENT POLICY**

WHEREAS, the Board of Directors of the Nipomo Community Services District ("District") believes that public funds should, so far as is reasonably possible, be invested in financial institutions to produce revenue for the District rather than to remain idle; and

WHEREAS, from time to time there are District funds which for varying periods of time will not be required for immediate use by the District, and which will, therefore, be available for the purpose of investing in financial institutions with the objectives of safety, liquidity, yield and compliance with state and federal laws and policies; and

WHEREAS, the District's investments are governed by an investment policy, originally adopted in 2014 via Resolution 2014-1328, that is reviewed annually and requires updating from time to time.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Nipomo Community Services District as follows:

1. The District has conducted the annual review of, and hereby adopts, the Investment Policy attached hereto as Exhibit "A" as the District's 2020-2021 Investment Policy;
2. The District Board delegates to the General Manager the authority to act as Treasurer/Finance Officer of the District, and to invest and re-invest funds in accordance with the Investment Policy for the succeeding twelve (12) month period following such delegation or until such time as the delegation of authority is revoked or amended earlier .

PASSED AND ADOPTED by the Board of Directors of the Nipomo Community Services District this 8TH day of January 2020, on the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

DAN A. GADDIS, President
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

MARIO IGLESIAS
Secretary to the Board

CRAIG A. STEELE
District Legal Counsel

RESOLUTION 2020-_____
EXHIBIT A

INVESTMENT POLICY
NIPOMO COMMUNITY SERVICES DISTRICT

1. INTRODUCTION

This policy establishes the standards under which the District's Finance Officer will conduct business with financial institutions with regard to the investment process.

2. PURPOSE AND SCOPE

This investment policy is intended to outline the guidelines and practices to be used in effectively managing the District's available cash and investment portfolio. It applies to all cash and investment assets of the District except those funds maintained in deferred compensation accounts for employees. Proceeds of debt issuance that shall be invested in accordance with the permitted investment provisions of their specific bond indentures. District monies not required for immediate expenditure will be invested in compliance with governing provisions of law (Government Code Sections 53600 et seq.) and this policy. Investments shall be made in judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers (Finance Officer) acting in accordance with written procedures and the investment policy and exercising prudence and due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

3. FINANCE OFFICER

The Board of Directors appoints the General Manager as the District Finance Officer and Treasurer. The District's Assistant General Manager shall serve as the District's Finance Officer and Treasurer in the absence of the District's General Manager. The services of any investment or financial advisor to the District shall be governed by the terms and standards set forth in this Policy.

4. SCOPE

The District investment portfolio shall consist of money held in a sinking fund of, or surplus money in, the District's treasury not required for the immediate necessities of the District. The District's investment portfolio shall be invested in accordance with this policy.

5. OBJECTIVES

The primary objectives are safety, liquidity, yield, and compliance.

RESOLUTION 2020-_____
EXHIBIT A

INVESTMENT POLICY
NIPOMO COMMUNITY SERVICES DISTRICT

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The investment portfolio shall be managed in a manner that ensures the preservation of capital. The objective is to minimize credit risk and interest rate risk.

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Yield shall be a consideration only after the requirements of safety and liquidity have been met.

D. COMPLIANCE

This Investment Policy is written to be in compliance with applicable California and Federal law.

6. STANDARDS OF CARE

A. PRUDENCE

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3. One or more FDIC insured Banks and/or Savings and Loan Associations that are designated as District depositories by resolution of the Board of Directors (California Government Code § 61053).
4. Such other financial institutions or securities that may be designated by the Board of Directors from time to time in compliance with California and Federal law.

RESOLUTION 2020-_____
EXHIBIT A

INVESTMENT POLICY
NIPOMO COMMUNITY SERVICES DISTRICT

B. PROHIBITED INVESTMENTS

The District's Finance Officer shall not invest in:

1. Inverse floaters, range notes or interest only strips that are derived from a pool of mortgages.
2. Any security that could result in a zero interest accrual if held to maturity.
3. A state or federal credit union, if a member of the District's Board of Directors or an administrative officer also serves on the Board of Directors, or any committee appointed by the Board of Directors, or the credit committee or supervisory committee, of the state or federal credit union.
4. Those investments or institutions not permitted by this Policy, or by action of the Board of Directors.

C. DIVERSIFIED INVESTMENTS

Investments, other than investments referenced in paragraphs **7-A** (1) and (2) above, will be diversified to avoid losses that may be associated with any one investment.

8. REPORTS

A. MONTHLY REPORT

Finance Officer/Treasurer shall make monthly reports to the Board with the following information:

- Investments made or retired during the preceding month.
- Single transfers between permitted institutions of greater than \$150,000 .

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Finance Officer/Treasurer shall file a quarterly report that identifies the District's investments and their compliance with the District's Investment Policy. The quarterly report must be filed with the District's auditor and considered by the District's Board of Directors within thirty (30) days after the end of each quarter (i.e., by May 1, August 1, November 1, and February 1) (California Government Code § 53646). Required elements of the quarterly report are as follows:

1. Type of Investment
2. Institution/issuer
3. Date of Maturity (if applicable)
4. Amount of deposit or cost of the security, including par and dollar amount invested on all securities, investments, and moneys held by the District
5. Current market value of securities, with identification of the source of the valuation, for all securities held by the District as well as securities under the management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund
6. Rate of Interest
7. Statement of compliance with the Statement of Investment Policy or the manner in which the portfolio is not in compliance
8. Statement of the District's ability to meet cash flow requirements, including any pool expenditure requirements, for the next six months, or an explanation as to why sufficient money may not be available
9. Accrued Interest (if applicable)

RESOLUTION 2020-_____
EXHIBIT A

INVESTMENT POLICY
NIPOMO COMMUNITY SERVICES DISTRICT

10. Description of any of the District's funds, investments, or programs that are under the management of contracted parties, including lending programs

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The annual report will include a recommendation to the Board of Directors to either:

1. Readopt the District's then current annual Investment Policy; or
2. Amend the District's then current Investment Policy.

D. LIMITED QUARTERLY REPORT

If the District has placed all of its investments in the Local Agency Investment Fund (LAIF) created by California Government Code § 16429.1, or in Federal Deposit Insurance Corporation, insured accounts in a bank or savings and loan association, in a County investment pool, or any combination of these, the Finance Officer may submit to the Board of Directors and the auditor of the District the most recent statement or statements received by the District from these institutions in lieu of the information required in paragraph 8.B, above. This special reporting policy does not relieve the Finance Officer of the obligation to prepare an annual investment report as identified in paragraph 8.C, above.