

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS  
GENERAL MANAGER



DATE: JANUARY 20, 2023

**AGENDA ITEM**

**D**

**JANUARY 25, 2023**

## **CONSENT AGENDA**

The following items are considered routine and non-controversial by staff and may be approved by one motion if no member of the Board wishes an item removed. If discussion is desired, the item may be removed from the Consent Agenda by a Board member and will be considered separately at the conclusion of the Administrative Items. Individual items on the Consent Agenda are approved by the same vote that approves the Consent Agenda, unless an item is pulled for separate consideration. The recommendations for each item are noted in bracket. Members of the public may comment on the Consent Agenda items.

### **Questions or clarification may be made by the Board members without removal from the Consent Agenda**

- D-1) WARRANTS [RECOMMEND APPROVAL]
- D-2) APPROVE JANUARY 11, 2023, REGULAR BOARD MEETING MINUTES  
[RECOMMEND APPROVE MINUTES]
- D-3) INVESTMENT POLICY - FOURTH QUARTER REPORT [RECOMMEND ACCEPT  
AND FILE]
- D-4) ANNUAL REVIEW OF INVESTMENT POLICY [RECOMMEND ADOPT  
RESOLUTION]
- D-5) ANNUAL REVIEW OF DEBT MANAGEMENT POLICY AND CONTINUING  
DISCLOSURE UNDERTAKING POLICY [RECOMMEND REVIEW AND REAFFIRM]

TO: BOARD OF DIRECTORS

REVIEWED: MARIO IGLESIAS  
GENERAL MANAGER



FROM: LISA BOGNUDA  
FINANCE DIRECTOR



DATE: JANUARY 20, 2023

**AGENDA ITEM**  
**D-1(A)**  
**JANUARY 25, 2023**

**WARRANTS**

COMPUTER CHECKS GENERATED – SEE ATTACHED	\$914,192.51
HAND WRITTEN CHECKS	NONE
VOIDED CHECKS	#8882,8923,9015

# Item D-1(A) Warrants JANUARY 25, 2023

Nipomo Community Services District

By Payment Number

Payment Dates 01/25/2023 - 01/25/2023

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
<b>Payment: 9142</b>				
Advantage Answering Plus, Inc.	Answering service	000027-655-171	01/25/2023	396.86
			<b>Payment 9142 Total:</b>	<u>396.86</u>
<b>Payment: 9143</b>				
Batenhorst, Bernard & Jane	Washer rebate	JAN2023	01/25/2023	75.00
			<b>Payment 9143 Total:</b>	<u>75.00</u>
<b>Payment: 9144</b>				
Brenntag Pacific, Inc.	Sodium hypochlorite	BPI301990	01/25/2023	887.81
			<b>Payment 9144 Total:</b>	<u>887.81</u>
<b>Payment: 9145</b>				
Brough Construction Inc.	Nipomo Palms LS progress	7	01/25/2023	166,698.74
			<b>Payment 9145 Total:</b>	<u>166,698.74</u>
<b>Payment: 9146</b>				
California Electric Supply	Insulated screw driver kit, volt	7826-1082827	01/25/2023	87.89
			<b>Payment 9146 Total:</b>	<u>87.89</u>
<b>Payment: 9147</b>				
California Special Districts	CSDA SLO chapter luncheon	JAN2023	01/25/2023	60.00
			<b>Payment 9147 Total:</b>	<u>60.00</u>
<b>Payment: 9148</b>				
City of Santa Maria	Water purchased 10-1-22 to 12- 91263		01/25/2023	634,959.01
			<b>Payment 9148 Total:</b>	<u>634,959.01</u>
<b>Payment: 9149</b>				
DLT Solutions, LLC	Computer expense - AutoCAD	5126980A	01/25/2023	601.20
			<b>Payment 9149 Total:</b>	<u>601.20</u>
<b>Payment: 9150</b>				
Engel & Gray, Inc.	Biosolids collection	2CX00010	01/25/2023	11,111.05
			<b>Payment 9150 Total:</b>	<u>11,111.05</u>
<b>Payment: 9151</b>				
Excel Personnel Services, Inc.	Employment agency	4110067	01/25/2023	155.00
Excel Personnel Services, Inc.	Employment agency	4106153	01/25/2023	403.00
Excel Personnel Services, Inc.	Employment agency	4110068	01/25/2023	465.00
			<b>Payment 9151 Total:</b>	<u>1,023.00</u>
<b>Payment: 9152</b>				
Famcon Pipe and Supply Inc.	Sandcloth, pipe wrench	S100094570.001	01/25/2023	237.08
Famcon Pipe and Supply Inc.	Corp stops, ball meter valves	S100085414.002	01/25/2023	1,317.25
			<b>Payment 9152 Total:</b>	<u>1,554.33</u>
<b>Payment: 9153</b>				
Iconix Waterworks (US) Inc.	Brass nipples	U2316000455	01/25/2023	118.90
			<b>Payment 9153 Total:</b>	<u>118.90</u>
<b>Payment: 9154</b>				
Iglesias, Mario	Cell phone reimbursement	JAN2023	01/25/2023	65.00
			<b>Payment 9154 Total:</b>	<u>65.00</u>
<b>Payment: 9155</b>				
JEGO Systems	SCADA support	2023-NCSD-001	01/25/2023	4,720.00
			<b>Payment 9155 Total:</b>	<u>4,720.00</u>
<b>Payment: 9156</b>				
Left Coast T-Shirt Company	Uniforms	33794	01/25/2023	3,623.37
			<b>Payment 9156 Total:</b>	<u>3,623.37</u>

## Item D-1(A) Warrants JANUARY 25, 2023

Payment Dates: 01/25/2023 - 01/25/2023

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
<b>Payment: 9157</b>				
Millhorn, Grace	Training reimbursement - notary JAN2023		01/25/2023	58.34
<b>Payment 9157 Total:</b>				<b>58.34</b>
<b>Payment: 9158</b>				
Mission Uniform Service	Uniforms	518568255	01/25/2023	208.87
Mission Uniform Service	Uniforms	518514419	01/25/2023	212.29
<b>Payment 9158 Total:</b>				<b>421.16</b>
<b>Payment: 9159</b>				
NexTraq	GPS subscription	AT1493607	01/25/2023	507.15
<b>Payment 9159 Total:</b>				<b>507.15</b>
<b>Payment: 9160</b>				
Nipomo Area Recreation	December 2022 Clean Streets	DEC 2022	01/25/2023	474.00
<b>Payment 9160 Total:</b>				<b>474.00</b>
<b>Payment: 9161</b>				
Nunley & Associates, Inc.	Branch Street Waterline Bid	101840	01/25/2023	2,366.43
Nunley & Associates, Inc.	Dana Reserve Water & Sewer	101779	01/25/2023	363.08
Nunley & Associates, Inc.	On Call Engineering Services	101841	01/25/2023	2,644.53
<b>Payment 9161 Total:</b>				<b>5,374.04</b>
<b>Payment: 9162</b>				
Office Depot	Office supplies	284681328001	01/25/2023	-31.30
Office Depot	Office supplies	282075436002	01/25/2023	31.30
Office Depot	Office supplies	284450282001	01/25/2023	114.47
Office Depot	Office supplies	284843441001	01/25/2023	298.76
Office Depot	Office supplies	283635737001	01/25/2023	30.58
Office Depot	Office supplies	284690583001	01/25/2023	31.30
<b>Payment 9162 Total:</b>				<b>475.11</b>
<b>Payment: 9163</b>				
O'Reilly Automotive Inc.	Operating Supplies	DEC2022	01/25/2023	284.98
<b>Payment 9163 Total:</b>				<b>284.98</b>
<b>Payment: 9164</b>				
Pacific Overhead Door Service	Gate maintenance and repair	7651	01/25/2023	300.00
<b>Payment 9164 Total:</b>				<b>300.00</b>
<b>Payment: 9165</b>				
R. Baker, Inc.	Meter change out assistance	511	01/25/2023	2,885.00
R. Baker, Inc.	Bracken LS repair	508	01/25/2023	7,205.28
<b>Payment 9165 Total:</b>				<b>10,090.28</b>
<b>Payment: 9166</b>				
Ray Morgan Company	B&W/Color copies	3976473	01/25/2023	176.01
Ray Morgan Company	B&W/Color copies	3976472	01/25/2023	96.62
<b>Payment 9166 Total:</b>				<b>272.63</b>
<b>Payment: 9167</b>				
Rowland, Marie Cassidy	Washer rebate	JAN2023	01/25/2023	75.00
<b>Payment 9167 Total:</b>				<b>75.00</b>
<b>Payment: 9168</b>				
Santa Maria Ford Lincoln	Vehicle repair/maintenance - 22 224033		01/25/2023	505.60
Santa Maria Ford Lincoln	Vehicle repair/maintenance - 17 224085		01/25/2023	1,687.60
<b>Payment 9168 Total:</b>				<b>2,193.20</b>
<b>Payment: 9169</b>				
Santa Maria Times	Subscription renewal	175915-2023	01/25/2023	240.00
<b>Payment 9169 Total:</b>				<b>240.00</b>
<b>Payment: 9170</b>				
Secretary of State	Filing fee - SF-405	2023 SF-405	01/25/2023	6.00
<b>Payment 9170 Total:</b>				<b>6.00</b>

Item D-1(A) Warrants JANUARY 25, 2023

Payment Dates: 01/25/2023 - 01/25/2023

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
<b>Payment: 9171</b>				
Soto, John & Kathleen	Washer rebate	JAN2023	01/25/2023	75.00
				<b>Payment 9171 Total:</b>
				<b>75.00</b>
<b>Payment: 9172</b>				
ULINE	Sandbags	158469029	01/25/2023	767.18
				<b>Payment 9172 Total:</b>
				<b>767.18</b>
<b>Payment: 9173</b>				
USA Bluebook	Lead tube adapter, clamshell	224285	01/25/2023	316.40
USA Bluebook	CHEMKEYS	212275	01/25/2023	599.42
USA Bluebook	Fulfillment of backorder -	227749	01/25/2023	378.88
USA Bluebook	CHEMKEYS	231335	01/25/2023	605.51
USA Bluebook	QuickPro Roller	224384	01/25/2023	556.30
USA Bluebook	IntelliCAL electrode gel	222531	01/25/2023	1,911.66
				<b>Payment 9173 Total:</b>
				<b>4,368.17</b>
<b>Payment: 9174</b>				
Aqua-Metric Sales, Co.	1.5" & 2" meters, AMI radios	INV0091988	01/25/2023	16,677.85
Aqua-Metric Sales, Co.	Meters	INV0091489	01/25/2023	19,292.39
Aqua-Metric Sales, Co.	Meters	INV0090909	01/25/2023	4,802.96
Aqua-Metric Sales, Co.	Meters	INV0090910	01/25/2023	1,995.06
Aqua-Metric Sales, Co.	3/4 inch meters	INV0091491	01/25/2023	2,715.78
Aqua-Metric Sales, Co.	3/4", 1", and 1.5" meters	INV0091983	01/25/2023	15,015.01
Aqua-Metric Sales, Co.	1.5 in meter	INV0091490	01/25/2023	1,729.06
				<b>Payment 9174 Total:</b>
				<b>62,228.11</b>

TO: BOARD OF DIRECTORS

REVIEWED: MARIO IGLESIAS  
GENERAL MANAGER



FROM: LISA BOGNUDA  
FINANCE DIRECTOR



DATE: JANUARY 20, 2023

**AGENDA ITEM**  
**D-1(B)**  
**JANUARY 25, 2023**

**WARRANTS – BLACKLAKE ASSESSMENT DISTRICT 2020-1**

COMPUTER CHECKS GENERATED – SEE ATTACHED	\$5,343.50
VOIDED CHECKS	NONE

# Item D-1(A) Warrants JANUARY 25, 2023

Nipomo Community Services District

By Payment Number

Payment Dates 01/25/2023 - 01/25/2023

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
<b>Payment: 82</b> Cannon Corporation	Blacklake Sewer Consolidation	83188	01/25/2023	5,343.50
<b>Payment 82 Total:</b>				<u>5,343.50</u>

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TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS  
GENERAL MANAGER



DATE: JANUARY 20, 2023

**AGENDA ITEM**  
**D-2**  
**JANUARY 25, 2023**

**APPROVE JANUARY 11, 2023  
REGULAR BOARD MEETING MINUTES**

**ITEM**

Approve action minutes from previous Board meetings. [RECOMMEND APPROVE MINUTES]

**BACKGROUND**

The draft minutes are a written record of the previous Board Meeting action.

**RECOMMENDATION**

Approve Minutes

**ATTACHMENT**

- A. January 11, 2023 draft Regular Board Meeting Minutes



JANUARY 25, 2023

ITEM D-2

ATTACHMENT A

# NIPOMO COMMUNITY SERVICES DISTRICT

*Serving the Community since 1965*

## DRAFT REGULAR MINUTES

JANUARY 11, 2023 AT 9:00 A.M.

JON S. SEITZ BOARD ROOM 148 SOUTH WILSON STREET, NIPOMO, CA

### BOARD of DIRECTORS

RICHARD MALVAROSE, PRESIDENT  
DAN ALLEN GADDIS, VICE PRESIDENT  
ED EBY, DIRECTOR  
DAN WOODSON, DIRECTOR  
GARY HANSEN, DIRECTOR

### PRINCIPAL STAFF

MARIO IGLESIAS, GENERAL MANAGER  
LISA BOGNUDA, FINANCE DIRECTOR  
PETER SEVCIK, DIRECTOR OF ENG. & OPS.  
CRAIG STEELE, GENERAL COUNSEL

### Mission Statement:

Provide our customers with reliable, quality, and cost-effective services now and in the future.

#### A. CALL TO ORDER AND FLAG SALUTE

*President Malvarose called the Regular Meeting of January 11, 2023, to order at 9:00 a.m. and led the flag salute.*

#### B. ROLL CALL AND PUBLIC COMMENT FOR ITEMS NOT ON AGENDA

*At Roll Call, all Directors were present.*

*Phil Guldeman, Golden State Water Company Resident, talked about the District's water supply reports and encouraged the Board to consider putting an item on the agenda about selling excess water to Golden State Water Company.*

*Mark Albrecht, Nipomo Resident, asked the Board about receiving a refund on Capacity fees and asked if an item could be put on the agenda.*

*Adam Margelo, Golden State Water Company Resident, would like the District to sell more supplemental water to Golden State Water Company and requested the item be put on the agenda.*

*Linda Simko, Golden State Water Company Resident, asked about the process of getting an item on the agenda and encouraged the Board to consider putting an item on the agenda about selling excess water to Golden State Water Company.*

#### C. PRESENTATIONS AND REPORTS

##### C-1) RECOGNITION OF 2022 BOARD OFFICERS AND SEATING OF 2023 BOARD OFFICERS [NO ACTION REQUESTED]

*Mario Iglesias, General Manager, thanked 2022 President, Ed Eby, and 2022 Vice President, Richard Malvarose for their service to the Board and community. Director Malvarose was seated as the President of the Board for 2023 and Director Gaddis was seated as Vice President of the Board.*

##### C-2) DIRECTORS' ANNOUNCEMENTS OF DISTRICT AND COMMUNITY INTEREST AND REPORTS ON ATTENDANCE AT PUBLIC MEETINGS, TRAINING PROGRAMS, CONFERENCES AND SEMINARS.

SUBJECT TO BOARD APPROVAL

**Nipomo Community Services District  
DRAFT REGULAR MEETING  
MINUTES**

Receive Announcements and Reports from Director

*Director Gaddis*

- *January 3, attended Board Officers' meeting*

*Director Malvarose*

- *December 21, attended Dana Reserve Ad Hoc Subcommittee meeting*
- *January 3, attended Board Officers' meeting*

*Director Eby*

- *December 21, attended Dana Reserve Ad Hoc Subcommittee meeting*

**C-3) RECEIVE PUBLIC COMMENT ON PRESENTATIONS AND REPORTS PRESENTED UNDER ITEM C AND BY MOTION RECEIVE AND FILE PRESENTATIONS AND REPORTS**

*There were no public comments.*

*Upon the motion of Director Eby and seconded, the Board approved receiving and filing presentations and reports.*

*Vote 5-0.*

<b>YES VOTES</b>	<b>NO VOTES</b>	<b>ABSENT</b>
<i>Directors Eby, Woodson, Hansen, Gaddis, and Malvarose</i>	<i>None</i>	<i>None</i>

**D. CONSENT AGENDA**

- D-1) WARRANTS [RECOMMEND APPROVAL]
- D-2) APPROVE DECEMBER 14, 2022, REGULAR BOARD MEETING MINUTES [RECOMMEND APPROVE MINUTES]
- D-3) APPROVE UPDATED WATER SUPERVISOR JOB DESCRIPTION [RECOMMEND APPROVAL]
- D-4) CONSIDER REQUEST FOR WATER, SEWER AND SOLID WASTE SERVICE (INTENT-TO-SERVE LETTER) FOR A 112-UNIT MULTIFAMILY RESIDENTIAL DEVELOPMENT LOCATED AT 646 GRANDE AVENUE, NIPOMO [RECOMMEND CONSIDER INTENT-TO-SERVE LETTER AND APPROVE WITH CONDITIONS]
- D-5) CONSIDER REQUEST FOR WATER, SEWER AND SOLID WASTE SERVICE (INTENT-TO-SERVE LETTER) FOR A 72-UNIT MULTIFAMILY RESIDENTIAL DEVELOPMENT LOCATED AT 170 MAGENTA LANE, NIPOMO [RECOMMEND CONSIDER INTENT-TO-SERVE LETTER AND APPROVE WITH CONDITIONS]
- D-6) CONSIDER REQUEST FOR WATER, SEWER AND SOLID WASTE SERVICE (INTENT-TO-SERVE LETTER) FOR 315 UNIT MULTIFAMILY RESIDENTIAL DEVELOPMENT LOCATED AT 222 S. FRONTAGE ROAD, NIPOMO [RECOMMEND CONSIDER INTENT-TO-SERVE LETTER AND APPROVE WITH CONDITIONS]

SUBJECT TO BOARD APPROVAL

Nipomo Community Services District
DRAFT REGULAR MEETING
MINUTES

Director Gaddis announced he would like items D-4, D-5, and D-6 pulled for further discussion.

There were no public comments.

Upon the motion of Director Eby and seconded, the Board approved Consent Agenda items D1-D3.

Vote 5-0.

Table with 3 columns: YES VOTES, NO VOTES, ABSENT. Row 1: Directors Eby, Hansen, Woodson, Gaddis, and Malvarose, None, None.

- D-4) CONSIDER REQUEST FOR WATER, SEWER AND SOLID WASTE SERVICE (INTENT-TO-SERVE LETTER) FOR A 112-UNIT MULTIFAMILY RESIDENTIAL DEVELOPMENT LOCATED AT 646 GRANDE AVENUE, NIPOMO [RECOMMEND CONSIDER INTENT-TO-SERVE LETTER AND APPROVE WITH CONDITIONS]
D-5) CONSIDER REQUEST FOR WATER, SEWER AND SOLID WASTE SERVICE (INTENT-TO-SERVE LETTER) FOR A 72-UNIT MULTIFAMILY RESIDENTIAL DEVELOPMENT LOCATED AT 170 MAGENTA LANE, NIPOMO [RECOMMEND CONSIDER INTENT-TO-SERVE LETTER AND APPROVE WITH CONDITIONS]
D-6) CONSIDER REQUEST FOR WATER, SEWER AND SOLID WASTE SERVICE (INTENT-TO-SERVE LETTER) FOR 315 UNIT MULTIFAMILY RESIDENTIAL DEVELOPMENT LOCATED AT 222 S. FRONTAGE ROAD, NIPOMO [RECOMMEND CONSIDER INTENT-TO-SERVE LETTER AND APPROVE WITH CONDITIONS]

Director Gaddis asked questions about item D-4 and D-5.

Elizabeth Villanueva, Acting District Engineer, answered questions from the Board.

Mario Iglesias, General Manager, answered questions from the Board.

There were no public comments.

Upon the motion of Director Eby and seconded, the Board approved Consent Agenda items D4-D6.

Vote 5-0.

Table with 3 columns: YES VOTES, NO VOTES, ABSENT. Row 1: Directors Eby, Hansen, Woodson, Gaddis, and Malvarose, None, None.

E. ADMINISTRATIVE ITEMS

- E-1) RESPONSE TO SLO COUNTY LAFCO REGARDING DANA RESERVE ANNEXATION REQUEST [RECOMMEND CONSIDER NOTICE, RECEIVE INPUT FROM AD HOC SUBCOMMITTEE AND STAFF, PROVIDE DIRECTION TO GENERAL MANAGER REGARDING RESPONSE]

Craig Steele, General Counsel, presented the item and answered questions from the Board.
SUBJECT TO BOARD APPROVAL

Nipomo Community Services District  
DRAFT REGULAR MEETING  
MINUTES

Mario Iglesias, General Manager, passed out the proposed written response to the Notice of Petition of Application for the Annexation #30.

There were no public comments.

Upon the motion of Director Gaddis and seconded, the Board unanimously approved to proceed with option #3.

Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Gaddis, Eby, Hansen, Woodson, and Malvarose	None	None

- E-2) AWARD CONSTRUCTION CONTRACT FOR BLACKLAKE SEWER SYSTEM CONSOLIDATION PROJECT FORCE MAIN TO R. BAKER, INC. [RECOMMEND ADOPT RESOLUTION AWARDDING CONTRACT TO R. BAKER, INC. IN THE AMOUNT OF \$4,705,801.50, AUTHORIZING STAFF TO EXECUTE CONTRACT AND AUTHORIZING CHANGE ORDER CONSTRUCTION CONTINGENCY IN THE AMOUNT OF \$470,000 (10% OF CONTRACT COST)]

Elizabeth Villanueva, Acting District Engineer, presented the item and answered questions from the Board.

Mario Iglesias, General Manager, answered questions from the Board.

There were no public comments.

Upon the motion of Director Gaddis and seconded, the Board unanimously adopted the resolution.

Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Gaddis, Eby, Hansen, Woodson, and Malvarose	None	None

RESOLUTION NO. 2023-1649  
 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
 NIPOMO COMMUNITY SERVICES DISTRICT AWARDDING  
 CONSTRUCTION CONTRACT FOR BLACKLAKE SEWER  
 CONSOLIDATION PROJECT TO R BAKER, INC., IN THE  
 AMOUNT OF \$4,705,801.50, AND AUTHORIZE CONTINGENCY  
 IN THE AMOUNT OF \$470,000

- E-3) TERMINATE IRRIGATION WATER AGREEMENT BLACK LAKE PARTNERSHIP ASSIGNEE [RECOMMEND AUTHORIZE NIPOMO COMMUNITY SERVICES DISTRICT GENERAL MANAGER TO TERMINATE IRRIGATION WATER AGREEMENT WITH THE CURRENT ASSIGNEE]

Mario Iglesias, General Manager, presented the item and answered questions from the Board.

There were no public comments.

Upon the motion of Director Eby and seconded, the Board unanimously authorized the General Manager to terminate the agreement with the current assignee.

Vote 5-0.

YES VOTES	NO VOTES	ABSENT

SUBJECT TO BOARD APPROVAL

**Nipomo Community Services District  
DRAFT REGULAR MEETING  
MINUTES**

<i>Directors Eby, Woodson, Hansen, Gaddis, and Malvarose</i>	<i>None</i>	<i>None</i>
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E-4) APPROVE APPOINTMENT OF INTERIM ENGINEERING CONSULTANT [RECOMMEND ADOPT RESOLUTION APPROVING THE APPOINTMENT OF JIM ASHCRAFT AS INTERIM ENGINEERING CONSULTANT]

*Mario Iglesias, General Manager, presented the item and answered questions from the Board.*

*There were no public comments.*

*Upon the motion of Director Hansen and seconded, the Board unanimously adopted the resolution.*

*Vote 5-0.*

<b>YES VOTES</b>	<b>NO VOTES</b>	<b>ABSENT</b>
<i>Directors Hansen, Woodson, Eby, Gaddis, and Malvarose</i>	<i>None</i>	<i>None</i>

RESOLUTION NO. 2023-1650  
A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE NIPOMO COMMUNITY SERVICES DISTRICT  
APPROVING THE APPOINTMENT OF  
JIM ASHCRAFT AS INTERIM ENGINEERING CONSULTANT

E-5) RATIFY 2023 COMMITTEE ASSIGNMENTS [RECOMMEND APPROVE COMMITTEE ASSIGNMENTS]

*Mario Iglesias, General Manager, presented the item.*

*There were no public comments.*

*Upon the motion of Director Eby and seconded, the Board unanimously approved the committee assignments.*

*Vote 5-0.*

<b>YES VOTES</b>	<b>NO VOTES</b>	<b>ABSENT</b>
<i>Directors Eby, Gaddis, Hansen, Woodson, and Malvarose</i>	<i>None</i>	<i>None</i>

E-6) ADOPT RESOLUTION RECOGNIZING AND APPRECIATING LISA S. BOGNUDA'S 30 YEARS OF SERVICE TO THE NIPOMO COMMUNITY SERVICES DISTRICT [RECOMMEND ADOPT RESOLUTION]

*Mario Iglesias, General Manager, presented the item.*

*Michael LeBrun, former General Manager of NCSD, commended Lisa Bognuda and thanked her for 30 years of services as an instrumental part of the organization.*

*Upon the motion of Director Eby and seconded, the Board unanimously adopted the resolution.*

*Vote 5-0.*

<b>YES VOTES</b>	<b>NO VOTES</b>	<b>ABSENT</b>
<i>Directors Eby, Gaddis, Hansen, Woodson, and Malvarose</i>	<i>None</i>	<i>None</i>

RESOLUTION 2023-1651  
A RESOLUTION OF THE NIPOMO COMMUNITY SERVICES DISTRICT  
COMMENDING LISA S. BOGNUDA FOR HER 30 YEARS OF  
DEDICATED SERVICE TO THE NIPOMO COMMUNITY SERVICES DISTRICT  
AND THE COMMUNITY OF NIPOMO

SUBJECT TO BOARD APPROVAL

Nipomo Community Services District  
DRAFT REGULAR MEETING  
MINUTES

F. GENERAL MANAGER'S REPORT

*Mario Iglesias, General Manager, presented the item and answered questions from the Board.*

*The General Manager announced the following:*

- *The status on the after storm events*
- *The District is now reading 1000 meters electronically*

G. COMMITTEE REPORTS

*None.*

H. DIRECTORS' REQUESTS TO STAFF AND SUPPLEMENTAL REPORTS

*Director Gaddis requested that a debrief be reported to the Board for the Desalination Executable Solution Committee joint agency meetings and the NCSD Dana Reserve Ad Hoc Subcommittee meetings.*

I. CLOSED SESSION ANNOUNCEMENTS

*Craig Steele, District Legal Counsel, announced that item 2 would be discussed in closed session.*

1. CONFERENCE WITH DISTRICT LEGAL COUNSEL RE: PENDING LITIGATION  
PURSUANT TO GC §54956.9

- a. *SMWWCD V. NCSD (SANTA CLARA COUNTY CASE NO. CV 770214, SIXTH APPELLATE COURT CASE NO. H032750, AND ALL CONSOLIDATED CASES*

2. REJECTION OF CLAIM DIEM THAI

*There were no public comments.*

*Craig Steele, General Council, announced the Board directed staff to reject the claim.*

ADJOURN MEETING

*President Eby adjourned the meeting at 10:39 a.m.*

MEETING SUMMARY	HOURS & MINUTES
Regular Meeting	1 hour 24 minutes
Closed Session	0 hour 15 minutes
TOTAL HOURS	1 hour 39 minutes

Respectfully submitted,

\_\_\_\_\_  
Mario Iglesias, General Manager and Secretary to the Board

\_\_\_\_\_  
Date

TO: BOARD OF DIRECTORS  
FROM: MARIO IGLESIAS  
GENERAL MANAGER

DATE: JANUARY 20, 2023



## INVESTMENT POLICY – QUARTERLY REPORT

### ITEM

Review Investment Policy Quarterly Report [RECOMMEND ACCEPT AND FILE REPORT]

### BACKGROUND

The District's Investment Policy requires the Treasurer/Finance Officer file a quarterly report that identifies the District's investments and their compliance with the policy. The quarterly report (attached) is considered by the Board of Directors and is filed with the District's auditor.

As District Treasurer/Finance Officer, I am pleased to inform the Board of Directors that the District is in compliance with the Investment Policy and that the objectives of safety, liquidity, and yield have been met. The District has the ability to meet cash flow requirements for the next six months.

### STRATEGIC PLAN

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

### RECOMMENDATION

After Board consideration and public comment, it is recommended that your Honorable Board accept the quarterly report and direct staff to file the Report with District Auditor.

### ATTACHMENTS

- A. Quarterly Investment Report



JANUARY 25, 2023

ITEM D-3

ATTACHMENT A

**ATTACHMENT A**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**INVESTMENT POLICY-QUARTERLY REPORT 12/31/22**

Investment	Institution	Amount of Deposit 12/31/22	Rate of Interest as of 12/31/22	Quarterly Interest Earned or Accrued 12/31/22	Amount of Deposit 12/31/21	Rate of Interest as of 12/31/21	Quarterly Interest Earned or Accrued 12/31/21
Public Checking (1)	Mechanics Bank	\$374,522.91	n/a	n/a	\$343,359.56	n/a	n/a
Pooled Money Investment	Local Agency Investment Fund (LAIF)	\$19,451,111.04	2.07%	\$99,017.57	\$17,204,533.01	0.23%	\$9,892.05
Savings--NSWP Funded Replace (2)	Five Star	\$1,557,973.35	2.03%	\$7,514.26	\$1,336,199.93	0.20%	\$677.04
Savings-Improvement Bonds(3)	Mechanics Bank	\$3,089.55	0.02%	\$0.15	\$3,088.94	0.02%	\$0.15
Savings-Performance Bonds(3)	Five Star	\$19,317.39	2.03%	\$94.63	\$19,125.03	0.20%	\$9.89
Savings-Performance Bonds (3)	Five Star	n/a	n/a	n/a	\$107,581.65	0.20%	\$55.60
Savings-Performance Bonds (3)	Five Star	\$27,915.78	2.03%	\$136.74	n/a	n/a	n/a
Savings-Performance Bonds (3)	Five Star	\$16,330.39	2.03%	30.39	n/a	n/a	n/a
Checking-BL A/D 2020-1 (4)	Five Star	\$325,127.20	2.03%	\$1,720.30	\$492,750.67	0.20%	\$279.88
Savings-BL A/D 2020-1 (4)	Five Star	\$965,944.11	2.03%	\$4,731.72	\$956,325.22	0.20%	\$494.23
Savings-BL Tax Roll (4)	Five Star	\$176,643.07	2.03%	\$275.88	n/a	n/a	n/a

- (1) Analyzed Account
- (2) Nipomo Supplemental Water (NSWP) Funded Replacement Fund
- (3) Held in Trust – to be returned to developer upon completion of projects
- (4) Held in Trust – Blacklake Assessment District 2020-1
- n/a Not applicable

TO: BOARD OF DIRECTORS

REVIEWED: MARIO IGLESIAS  
GENERAL MANAGER

FROM: LISA BOGNUDA  
FINANCE DIRECTOR

DATE: JANUARY 20, 2023

**AGENDA ITEM**

**D-4**

**JANUARY 25, 2023**

## **RESOLUTION ADOPTING 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 – with proposed changes
- B. Resolution 2022-XXX, including Exhibit A

JANUARY 25, 2023

ITEM D-4

ATTACHMENT A

**RESOLUTION 2023-XXXX  
EXHIBIT A**

**INVESTMENT POLICY  
NIPOMO COMMUNITY SERVICES DISTRICT**

**1. INTRODUCTION**

This policy establishes the standards under which the District's Finance Officer/Treasurer 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 with care, skill, prudence, and diligence under circumstances then prevailing, including but not limited to the general economic conditions and the anticipated needs of the District, which persons of prudence, discretion and intelligence 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; not for speculation, but to safeguard the principal of their capital and maintain the liquidity needs of the District. 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/Treasurer) 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/TREASURER**

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.

**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.

**RESOLUTION 2023-XXXX  
EXHIBIT A**

**INVESTMENT POLICY  
NIPOMO COMMUNITY SERVICES DISTRICT**

**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/Treasurer 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/Treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to the general economic conditions and the anticipated needs of the District, 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/Treasurer 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/Treasurer is authorized to deposit or invest District funds only in the following institutions and investments:

1. County pooled funds (California Government Code §§ 27133(g), 53635, 61053)
2. The Local Agency Investment Fund created by the California State Treasury (California Government Code §§ 16429.1, 61053)
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 §§ 53630 et seq., 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.
5. Proceeds of bond issuance shall be invested in accordance with the permitted investment provisions of their specific bond indentures or other instrument providing for the bond issuance. (California Government Code §§ 5922(d), 53601(m))

**RESOLUTION 2023-XXXX  
EXHIBIT A**

**INVESTMENT POLICY  
NIPOMO COMMUNITY SERVICES DISTRICT**

**B. PROHIBITED INVESTMENTS**

The District's Finance Officer/Treasurer 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 \$500,000 ~~\$300,000~~.

**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)~~ forty-five (45) 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 2023-XXXX  
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/Treasurer 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/Treasurer of the obligation to prepare an annual investment report as identified in paragraph 8.C, above.



JANUARY 25, 2023

ITEM D-4

ATTACHMENT B

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2023-XXXX**

**A RESOLUTION OF THE  
BOARD OF DIRECTORS OF THE  
NIPOMO COMMUNITY SERVICES DISTRICT  
ADOPTING 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 2023 Investment Policy;
2. The District Board affirms its appointment of the General Manager as Treasurer/Finance Officer of the District, and delegates to the Treasurer/Finance Officer the authority 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 25<sup>th</sup> day of January 2023, on the following roll call vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
RICHARD MALVAROSE, President  
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
MARIO IGLESIAS  
Secretary to the Board

\_\_\_\_\_  
CRAIG A. STEELE  
District Legal Counsel

**RESOLUTION 2023-XXXX  
EXHIBIT A**

**INVESTMENT POLICY  
NIPOMO COMMUNITY SERVICES DISTRICT**

**1. INTRODUCTION**

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**5. OBJECTIVES**

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

**A. SAFETY**

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**RESOLUTION 2023-XXXX  
EXHIBIT A**

**INVESTMENT POLICY  
NIPOMO COMMUNITY SERVICES DISTRICT**

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**RESOLUTION 2023-XXXX  
EXHIBIT A**

**INVESTMENT POLICY  
NIPOMO COMMUNITY SERVICES DISTRICT**

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2. Any security that could result in a zero interest accrual if held to maturity.
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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 2023-XXXX**  
**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/Treasurer 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/Treasurer of the obligation to prepare an annual investment report as identified in paragraph 8.C, above.

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TO: BOARD OF DIRECTORS  
FROM: MARIO IGLESIAS  
GENERAL MANAGER  
DATE: JANUARY 20, 2023



**AGENDA ITEM**  
**D-5**  
**JANUARY 25, 2023**

**REVIEW AND REAFFIRM AMENDED DEBT MANAGEMENT POLICY  
AND CONTINUING DISCLOSURE UNDERTAKING POLICY**

**ITEM**

Recommend review and reaffirm Amended Debt Management Policy and the Continuing Disclosure Undertaking Policy for the District. [RECOMMEND REVIEW AND REAFFIRM AMEND DEBT MANAGEMENT POLICY AND CONTINUING DISCLOSURE UNDERTAKING POLICY]

**BACKGROUND**

The Amended Debt Management Policy (Attachment A) was developed to provide guidance in the issuance and management of debt by the District and is intended to comply with Government Code Section 8855(i). The Amended Debt Management Policy is reviewed annually to ensure compliance with the above and to suggest any recommended changes.

Bond counsel for the District has reviewed the Amended Debt Management Policy and does not have any suggested changes.

**FISCAL IMPACT**

None.

**STRATEGIC PLAN**

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 your Board review and reaffirm Amended Debt Management Policy and Continuing Disclosure Undertaking Policy.

**ATTACHMENTS**

- A. Resolution 2022-1614, with Exhibit A – Amended Debt Management Policy and Continuing Disclosure Undertaking Policy for the District



**JANUARY 25, 2023**

**ITEM D-5**

**ATTACHMENT A**

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2022-1614**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO  
COMMUNITY SERVICES DISTRICT APPROVING THE ADOPTION  
OF THE AMENDMENT TO THE DEBT MANAGEMENT POLICY AND  
THE CONTINUING DISCLOSURE UNDERTAKING POLICY FOR THE  
DISTRICT**

**WHEREAS**, debt management policies establish parameters for evaluation, issuing, and managing the District's debt. The policies outlined in the attached debt management policy are not intended to serve as a list of rules to be applied to the District's debt issuance process, but rather to serve as a set of guidelines to promote sound financial management; and

**WHEREAS**, adherence to a debt management policy and adoption of a continuing disclosure undertaking policy assures rating agencies and the capital markets that a government is well managed and should meet its obligations in a timely manner; and

**WHEREAS**, the Board of Directors of the Nipomo Community Services District ("District"), desires to adopt an amended debt management policy and a continuing disclosure undertaking policy at this time; and

**WHEREAS**, Amended Debt Management Policy (the "Amended Debt Management Policy") and the Continuing Disclosure Undertaking Policy (the "Continuing Disclosure Undertaking Policy") have been prepared and are hereby presented at this meeting; and

**WHEREAS**, it is appropriate at this time for the Board of Directors to consider approval of the adoption of the Amended Policy and the Continuing Disclosure Policy;

**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, to the best of its knowledge.

**Section 2.** The Amended Debt Management Policy in the form presented at this meeting attached hereto Exhibit "A" is hereby approved and adopted.

**Section 3.** The Continuing Disclosure Undertaking Policy in the form presented at this meeting attached hereto Exhibit "B" is hereby approved and adopted.

**Section 4.** The officers of the District are hereby directed to do and cause to be done any and all acts and things necessary or proper, to the best of its knowledge, in order to effectuate the purposes of this resolution.

**Section 5.** This resolution shall take effect immediately.

NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2022-1614

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES  
DISTRICT APPROVING THE ADOPTION OF THE AMENDMENT TO THE DEBT  
MANAGEMENT POLICY AND THE CONTINUING DISCLOSURE UNDERTAKING POLICY FOR  
THE DISTRICT

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


**AYES:** Director Armstrong, Woodson, Malvarose, and Eby  
**NOES:** None  
**ABSTAIN:** None  
**ABSENT:** Director Gaddis

the foregoing resolution is hereby passed and adopted on this 26<sup>th</sup> day of January, 2022.

  
\_\_\_\_\_  
**ED EBY**  
President of the Board

ATTEST:

  
\_\_\_\_\_  
**MARIO IGLESIAS**  
General Manager and Secretary to the Board

APPROVED AS TO FORM AND  
LEGAL EFFECT:  
  
\_\_\_\_\_  
**CRAIG A. STEELE**  
District Legal Counsel

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2022-1614**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES  
DISTRICT APPROVING THE ADOPTION OF THE AMENDMENT TO THE DEBT  
MANAGEMENT POLICY AND THE CONTINUING DISCLOSURE UNDERTAKING  
POLICY FOR THE DISTRICT  
EXHIBIT "A"**

**AMENDED DEBT MANAGEMENT POLICY**

**Overview**

The District utilizes a comprehensive planning process to determine its long-term capital needs. The District evaluates each capital project in relation to established levels of reserves, current rate structure, expected asset life/replacement timeline and available revenue sources to ensure that adequate financial resources are available to support the District's financial obligations.

The District's Debt Management Policy is integrated into the decision-making framework utilized in the budgeting and capital improvement planning process. As such the following policies outline the District's approach to debt management.

**I. GENERAL MANAGEMENT POLICIES**

The District will provide for a periodic review of its financial performance, and review its performance relative to the financial policies outlined herein. These financial policies will be taken into account during the capital planning, budgeting and rate-setting process.

- The District will adopt revised rates, fees and charges in compliance with the applicable law, including the Proposition 218 Omnibus Implementation Act, and will consider recommendations and input from the public as it relates to such proposed changes.
- All District funds will be invested according to the Investment Policy of the District.
- Necessary appropriations for annual debt service requirements will be routinely included in the District's annual budget.

**II. FINANCIAL MANAGEMENT POLICIES**

- The District will evaluate financing for each capital project on a case-by-case basis. The District will seek to pay for all capital projects from current revenues and available reserves prior to or in combination with the use of debt.
- The District will seek to issue debt only in the case where there is an identified source of repayment. Bonds will be issued to the extent that (i) projected fixed revenues are sufficient to pay for the proposed debt service together with all existing debt service covered by such fixed revenues, or

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2022-1614**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES  
DISTRICT APPROVING THE ADOPTION OF THE AMENDMENT TO THE DEBT  
MANAGEMENT POLICY AND THE CONTINUING DISCLOSURE UNDERTAKING  
POLICY FOR THE DISTRICT  
EXHIBIT "A"**

(ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt.

- User Fees and Rates will be set at adequate levels to generate sufficient revenues to pay all operating and maintenance costs, to maintain sufficient operating reserves, and to pay debt service costs, if necessary.

### **III. DEBT AND CAPITAL MANAGEMENT POLICIES**

The following policies formally establish parameters for evaluating, issuing, and managing the District's debt. The policies outlined below are not intended to serve as a list of rules to be applied to the District's debt issuance process, but rather to serve as a set of guidelines to promote sound financial management.

In issuing debt, the District objectives are:

- Ensure ratepayer security
- Maintain high credit ratings and access to credit enhancement
- Preserve financial flexibility

#### **A. Standards for Use of Debt Financing**

When appropriate, the District will use long-term debt financing to achieve an equitable allocation of costs/charges between current and future system users; to provide more manageable rates in the near and medium term; and to minimize rate volatility.

- Debt financing will be utilized as needed to finance (1) system expansion projects related to demand growth, and (2) major projects necessary to comply with regulatory requirements.
- Capital projects financed through debt issuance should not be financed for a term longer than the expected useful life of the project.
- Lease Agreements and Installment Sale Agreements shall be considered as an alternative to long-term debt. Although these forms of alternative financing are subject to annual appropriation, they shall be considered as long-term fixed rate debt until maturity.

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**B. Financing Criteria**

The District will evaluate alternative debt structures (and timing considerations) to ensure cost-efficient financing under prevailing market conditions.

*Credit Enhancement* - The District will consider the use of credit enhancement on a case-by-case basis. Only when clearly demonstrable savings can be realized shall credit enhancement be utilized.

*Cash-Funded Reserve/Surety* - The District may purchase a surety policy or replace an existing cash-funded Debt Service Reserve Fund when deemed prudent and advantageous.

*Call Provisions* - In general, the District's securities should include optional call provisions. The District will avoid the sale of non-callable long-term fixed rate bonds, absent careful evaluation of the value of the call option.

*Additional Bonds Test/Rate Covenants* - The amount and timing of debt will be planned to comply with the additional bonds tests and rate covenants outlined in the appropriate legal and financing documents, and these policies.

*Short-Term Debt* - The District may utilize short-term borrowing to serve as a bridge for anticipated revenues, construction financing, or future bonding capacity.

*Term* - 10 to 30 years is standard, but up to 35 years may be acceptable, depending on cash flow assumptions, construction timeline, and remaining useful life of the asset being financed.

*Maximum Yield* - Case by case, as recommended by Municipal Advisor and as governed by State law.

*Maximum Premium* - Case by case, as recommended by Municipal Advisor and as governed by State law.

*Maximum Discount* - Case by case, as recommended by Municipal Advisor and as governed by State law.

*Payment Dates* - After considering cash flow needs, the General Manager will determine the occurrence of all new debt service payments.

*Structure of the Debt* - Prefer level debt service, but shall be determined on a case-by-case basis, as recommended by of the General Manager and Municipal Advisor.

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*Use of Variable Rate Debt* - The District will not issue variable interest rate debt unless the proposed debt is converted to a fixed rate or hedged.

*Investment of Bond Proceeds* - Bond proceeds will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction. The District will seek to maximize investment earnings within the investment parameters set forth in each respective bond indenture. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision; specifically addressing arbitrage/rebate position, and evaluating alternative debt structures and refunding savings on a "net" debt service basis, where appropriate.

*Reimbursement Resolution* - Must be adopted by the Board if the project capital costs are advanced by the District prior to the expenditure and/or commitment of funds, and bond sale.

**C. Types of Long-Term Funding**

The District shall consider several methods of financing capital projects. This policy will set forth guidelines for these decisions by identifying parameters within each funding source that are considered appropriate. These parameters are defined below.

Certificates of Participation/Lease Revenue Bonds - Certificates of Participation (COP's) and Lease Revenue Bonds (LRB) can finance water, wastewater and electrical utilities, or other public facilities and are almost identical in structure and security. They are used to finance capital projects that either 1) have an identified budgetary system for repayment; 2) generate enterprise revenue; 3) rely on a broader pledge of General Fund revenues; or 4) finance the purchase of real property and the acquisition and installation of equipment for the District's general government or enterprise purposes. COP's and LRB's are secured by a lease-back or installment sale arrangement between the District and another public entity. The general operating revenues of the District or an enterprise and/or a designated special fund are used to pay the lease or installment payments, which are, in turn, used to pay debt service on the COP's or LRB's. Bond covenants provide that revenues generated by enterprise funds must be sufficient to maintain required debt coverage levels, or the rates of the enterprise have to be raised to maintain the coverage and operations of the facility. For General Fund pledges, bond covenants include an annual appropriation covenant. COP's and LRB's do not constitute indebtedness under the state constitution and are not subject to voter approval.

Because COP's are not created by statute, but rather are used to securitize an underlying contract, they can be adapted to a number of financing situations. They are commonly used for both lease revenue and enterprise revenue financings where no

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workable statutory framework is available or a joint powers financing authority is not available.

Revenue Bonds - Revenue Bonds also finance water, wastewater utilities, or other public facilities. They are payable by the revenues generated by the enterprise. This type of debt is considered self-liquidating. Revenue Bonds are payable solely from the enterprise funds and are not secured by any pledge of General Fund revenues of the District. Bond covenants provide that revenues generated by these enterprise funds must be sufficient to maintain required debt coverage levels, or the rates of the enterprise have to be raised to maintain the coverage and operations of the facility. A bond election may be required to issue Revenue Bonds.

Assessment Bonds - The District may issue assessment bonds under the 1911 and 1915 Improvement Acts through the formation of a special benefit assessment district under the 1911 or 1913 Acts. The bonds may be issued to finance facilities or provide services and are secured by assessments levied on parcels within a defined area that are proportionate to the special benefit conferred upon a parcel, as determined by a qualified assessment engineer. Assessments are subject to majority protest hearing and notice ballot requirements. Assessment Bonds, although repaid through additional assessments levied on a discrete group of property owners, constitute overlapping indebtedness of the District and have an impact on the overall level of debt affordability. Assessment Bonds are not obligations of the District's General Fund.

Mello-Roos Bonds - The Mello-Roos Act of 1982 allows the District to establish a Mello-Roos Community Facilities District (CFD) which allows for financing of public improvements and services. These CFD special taxes must be approved by a two thirds vote of registered voters within the special district (unless there are fewer than 12 registered voters, in which case the vote is by landowners), and are secured solely by a special tax on the real property within the special district. CFD Bonds, although repaid through additional special taxes levied on a discrete group of taxpayers, also constitute overlapping indebtedness of the District and have an impact on the overall level of debt affordability. CFD Bonds are not obligations of the District's General Fund.

Capital Lease Debt - A lease purchase obligation placed with a lender without the issuance of securities may be used to finance certain vehicle and equipment purchases will be evaluated on a case-by-case basis.

**D. Limitations on Amount of Debt Issuance**

(1) Pursuant to Section 61126 of Government Code of the State of California, the District may incur general obligation bonded indebtedness in an amount not to exceed 15% of the total assessed valuation of all real and personal property in the District.



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Review of recent credit rating agency guidelines indicate that debt service of more than 10% of available revenues or expenditures is considered above average or high. The District shall strive to maintain its non-enterprise backed debt service as a percentage of available revenue below 10%.

Long-term obligations payable solely from specific pledged sources, in general, are not subject to a debt limitation. Examples of such long-term obligations include those which achieve the financing or refinancing of projects provided by the issuance of debt instruments that are payable from restricted revenues or user fees (enterprise funds) and revenues generated from a project. In determining the affordability of proposed enterprise obligations, the District will perform an analysis comparing projected annual net revenues (after payment of operating and maintenance expense) to estimated annual debt service. Generally, legal covenants requiring a minimum coverage ratio are set forth in the bond documents, and are based on the level of security provided to the bondholders (of the senior or subordinate debt obligations). The District's enterprise obligations shall include a coverage ratio requirement of at least 125% for senior bonds and a coverage ratio requirement of at least 105% for senior and subordinate debt combined. Per the rating agency guidelines, the District shall strive to maintain a coverage ratio of 115% using historical and/or projected net revenues to cover annual debt service for bonds issued on a subordinate basis which have a 105% coverage ratio requirement. The District will require a rate increase to cover both operations and debt service costs, and create debt service reserve funds to maintain the required coverage ratios.

**E. Method of Issuance**

The District will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation. Public offerings can be executed through either a competitive sale or a negotiated sale. It shall be the policy of the District to issue debt through a competitive sale whenever feasible subject to advice of the District Municipal Advisor.

*Competitive Sale* - In a competitive sale, the District's bonds shall be awarded to the lowest responsible bidder providing the lowest true interest cost ("TIC"), as long as the bid adheres to requirements set forth in the official notice of sale.

*Negotiated Sale* - District recognizes that some securities are best sold through negotiation. In consideration of a negotiated sale, the District shall assess the following circumstances in determining the advisability such a sale:

- Issuance of variable rate or taxable bonds
- Complex structure or credit considerations (such as non-rated bonds),

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which requires a strong pre-marketing effort

- Significant par value, which may limit the number of potential bidders
- Unique proprietary financing mechanism (such as a financing pool), or specialized knowledge of financing mechanism or process
- Market volatility, such that the District would be better served by flexibility in the timing of its sale in a changing interest rate environment
- When an Underwriter has identified new financing opportunities or presented alternative structures that financially benefit the District that could not be achieved through a competitive bid.
- As a result of an Underwriter's familiarity with the project/financing, which enables the District to take advantage of efficiency and timing considerations.
- Other considerations and advantages as presented by District Consultants and Staff

*Private Placement* – From time to time the District may elect to issue debt on a private placement basis. Such method shall only be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and timing considerations require that a financing be completed.

**F. Service Provider Selection**

All Municipal Advisors, bond counsel, disclosure counsel, trustees, and underwriters will be selected pursuant to District's Purchase Policy relating to hiring consultants.

**G. Market Communication and Reporting Requirements**

*Rating Agencies and Investors* - The General Manager shall be responsible for maintaining the District's relationships with one or more national rating agencies.

*Continuing Disclosure* - The District shall use its best efforts to be in compliance with Rule 15c2-12 by filing its annual financial statements and other financial and operating data for the benefit of its bondholders.

**H. Initial Disclosure**

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When the District determines to issue debt directly, the General Manager shall request the involved departments to prepare, review or update portions of any required offering document or preliminary official statement (the "POS") within their particular areas of knowledge for which they are responsible. The information contained in the POS is developed by personnel under the direction of the General Manager, with the assistance of the financing team, including the Bond Counsel, Disclosure Counsel, District Counsel and Municipal Advisor. The financing team shall assist staff in determining the materiality of any particular item, and in the development of specific language for the POS. Once the draft POS has been substantially updated, the entire draft POS is reviewed in its entirety to obtain final comments and to allow the underwriters, if any, to ask questions of the District's senior officials.

A substantially final form of the POS is provided to the Board in advance of approval, generally by including the document with the agenda material relating to the approval of the debt, to afford such Board an opportunity to review the POS, ask questions and make comments.

**IV. POST ISSUANCE COMPLIANCE POLICY**

**A. In General**

The Board of Directors of the District recognizes its responsibility to ensure compliance with all Federal laws and regulations ("Federal Requirements") applicable to the District's bonds and other obligations the interest on which is excluded from gross income for federal income tax purposes or are otherwise tax advantaged ("Tax-Exempt Bonds"). This policy and guidelines relate to requirements that must be met subsequent to the issuance of Tax-Exempt Bonds in order to maintain that exclusion or receive a federal tax credit payment including, without limitation, requirements relating to use of proceeds, arbitrage, private business use, and record retention. This policy and guideline supersede any post-issuance compliance policy previously adopted by the District but do not supersede, limit or contravene any representations, statements or covenants of the District contained in the bond documents (the "Bond Documents") for its Tax-Exempt Bonds. The purpose of this policy is to provide guidelines and establish procedures for compliance with Federal Requirements in connection with the issuance of Tax-Exempt Bonds.

**B. Policy**

It is the policy of the District to adhere to all applicable tax requirements with respect to its Tax-Exempt Bonds as set forth in the Bond Documents including, but not

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limited to, requirements relating to the use of proceeds of Tax-Exempt Bonds and facilities financed and refinanced with Tax-Exempt Bonds (the "Bond-Financed Facilities"), arbitrage yield restrictions and rebate, timely return filings, and other general tax requirements set forth in the Bond Documents.

**C. Compliance Monitoring**

Consistent with the covenants of the District contained in the Bond Documents, the District will monitor compliance with the federal tax requirements applicable to its Tax-Exempt Bonds. The following officers or employees of the District are responsible for monitoring compliance with those requirements: General Manager with assistance from Bond and Tax Counsel and Municipal Advisor. The General Manager shall report to the Board of Directors in conjunction with the annual Debt Policy review that compliance with federal tax requirements applicable to its Tax-Exempt Bonds have been reviewed and met.

**D. Record Retention**

In accordance with Internal Revenue Service ("IRS") requirements, the District will retain the following records with respect to its Tax-Exempt Bonds:

- Bond transcripts;
- Documentation showing the expenditure of proceeds of the Tax-Exempt Bonds for one or more Bond-Financed Facility;
- Documentation showing the use of the Bond-Financed Facilities;
- Documentation showing the sources of payment and security for the Tax-Exempt Bonds;
- Documentation related to the investment of proceeds of the Tax-Exempt Bonds, including the purchase and sale of securities, investment income received, yield calculations, and rebate calculations;
- All returns filed with the IRS for the Tax-Exempt Bonds (including, as applicable, IRS Forms 8038-G *Information Return for Tax-Exempt Governmental Obligations*, 8038-T *Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate*, and 8038-R *Request for Recovery of Overpayments under Arbitrage Rebate Provisions*), together with sufficient records to show that those returns are correct; and

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- Any other documentation that is material to the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes.

Except as otherwise set forth in the Bond Documents, the District will retain the records described above in hard and/or electronic copy format for so long as the applicable Tax-Exempt Bonds remain outstanding and for a period of six years after final redemption of the applicable Tax-Exempt Bonds. With respect to Tax-Exempt Bonds that are refunding bonds, the District will retain the above-described records for the refunding and refunded bonds (and any earlier issue in the case of a series of refundings).

The following officers or employees of the District are responsible for retaining the records relating to the Issuer's Tax-Exempt Bonds: General Manager and Secretary.

**E. Arbitrage Compliance**

It is the policy of the District to maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code. Unless otherwise instructed by bond counsel, at closing the District will execute documentation covenanting to comply with Federal rebate and arbitrage requirements. Unless otherwise instructed by bond counsel, annually the District will engage a consultant to assist in the monitoring of the investment of bond proceeds, perform the required calculations to determine arbitrage rebate and yield restriction compliance, and file the required federal forms. Unless otherwise instructed by bond counsel, every five years the District will file (if arbitrage rebate is owed) with the Internal Revenue Service the appropriate required documentation demonstrating arbitrage rebate liability and provide payment of at least 90% to the US Treasury for arbitrage rebate liability, if any.

**F. Remedial Action**

If the District in complying with the terms and provisions the policies or guidelines set forth herein or determines that the requirements of these policies and guidelines or the tax covenants or representations in the Bond Documents may have been violated, the District will make final determinations, if necessary with the assistance of its Bond and Tax Counsel and Municipal Advisors, and take appropriate actions related to such noncompliance including, if appropriate, any remedial action described under applicable Treasury Regulations or through the Tax Exempt Bonds Voluntary Closing Agreement Program.

**G. Coordination With Bond Documents**

In the event of any conflict between these Procedures and Guidelines and the Bond Documents, the Bond Documents shall govern.

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**CONTINUING DISCLOSURE UNDERTAKING POLICY**

**1. PURPOSE**

The following policy of the Nipomo Community Services District (the "District") is intended to ensure compliance with securities law requirements applicable to the District's issues, whether comprising bonds, bond anticipation notes, certificates of participation, revenue obligations or other instruments.

**2. IN GENERAL**

The Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule"), requires certain information regarding an entity responsible for the repayment of a municipal security (an "Issuer") be disclosed to the municipal marketplace. In 2010, the U.S. Securities and Exchange Commission ("SEC") amended the Rule to enhance the disclosure requirements of Issuers in an effort to improve the quality and availability of information regarding outstanding municipal securities. In SEC Rel. No. 34-62184, accompanying an expansion of the Rule, the SEC summarized its "mandate to adopt rules reasonably designed to prevent fraudulent, deceptive or manipulative acts or practices in the market for municipal securities." The release reiterates the SEC's position that material non-compliance by an Issuer with past continuing disclosure obligations may warrant, without corrective actions, an underwriter being prohibited from underwriting such an Issuer's municipal securities, and thus would prevent the Issuer from accessing the municipal securities market.

The Board of Directors of the District (the "Board") acknowledges that, pursuant to the Rule, the District is required on an ongoing basis to provide certain financial and operating data to those persons and firms who own or are interested in purchasing the bonds, bond anticipation notes, certificates of participation, revenue obligations and other municipal obligations of the District previously issued and those which may in the future be issued by or on behalf of the District (the "Obligations"). Pursuant to the Rule, the District has entered into a number of undertakings, such as an agreement or certificate, under the Rule (each, a "Continuing Disclosure Undertaking") regarding its outstanding Obligations and will be required to enter into a new Continuing Disclosure Undertaking with regard to any additional Obligations of the District.

Inasmuch as the Rule prevents an investment banking firm, or underwriter (each, an "Underwriter") from purchasing the Obligations of the District in the absence of a Continuing Disclosure Undertaking and adequate assurances from the District that it will comply with the terms thereof, it is vital that the District maintain compliance with the Rule and its Continuing Disclosure Undertakings.

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**3. SELECTION OF RESPONSIBLE OFFICER**

The District will identify, on an annual basis, the Treasurer or his or her designee ("Responsible Officer") within the District that will be responsible for compiling and filing annual reports (the "Annual Reports") and notices (the "Listed Event Notices") of the occurrence of certain listed events (found in each Continuing Disclosure Undertaking), if necessary. In the absence of such delegation by the Board, the Responsible Officer shall be the General Manager of the District.

**4. ELECTRONIC MUNICIPAL MARKET ACCESS**

The Responsible Officer will familiarize themselves with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") website. The Responsible Officer will understand how to locate the District's Obligations on EMMA. If the District is serving as its own Dissemination Agent, the Responsible Officer will establish a user identification and password for EMMA and become familiar with uploading documents onto EMMA.

**5. IDENTIFYING AND UNDERSTANDING EXISTING CONTINUING DISCLOSURE OBLIGATIONS**

The Responsible Officer will, for each separate issue of outstanding municipal securities to which the Rule applies, read the related Continuing Disclosure Undertaking and identify the following:

- The date by which the Annual Report must be filed;
- The contents that need to be included in the Annual Report;
- The Listed Event Notices that must be filed; and
- When Listed Event Notices are required to be filed.

**6. PREPARING AND SUBMITTING THE ANNUAL REPORT**

*Preparing Annual Audited Financial Statements.* The District will begin the process of completing its audited financial statements as soon as practicable after the close of each Fiscal Year. Such audited financial statements should be completed at least one month prior to the date the Annual Report must be filed.

*Preparation of Tables and Other Information.* The Responsible Officer will identify any information that is required to be included in the Annual Report but is not part of the

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District's audited financial statements, and contact the sources necessary to compile such information as soon as possible after the close of each Fiscal Year. The District should consider adding any information required by its Continuing Disclosure Undertakings not included already in its audited financial statements into a supplementary information section of its audited financial statements.

*Submission of Annual Report.* Following the compilation of the information that is to be included in the Annual Report and prior to the date on which the Annual Report must be filed, the Responsible Officer will submit the Annual Report to the Dissemination Agent identified in the Continuing Disclosure Undertaking or to EMMA, as applicable.

*Review of EMMA.* Following the submission of the Annual Report to EMMA or the Dissemination Agent, as applicable, the Responsible Officer should review the EMMA website to confirm that the Annual Report has been posted. If the Annual Report has not been posted, the Dissemination Agent should be notified, or the Responsible Officer should file the Annual Report, as applicable.

## **7. IDENTIFYING AND REPORTING LISTED EVENTS**

*Understanding the Listed Events.* The Responsible Officer should be aware of the listed events (found in each Continuing Disclosure Undertaking) (the "Listed Events") necessitating the filing of a Listed Event Notice. The Listed Events required to be included in each Continuing Disclosure Undertaking pursuant to the Rule have been included as Appendix A to this policy. Appendix A also includes two Listed Events that became effective for all Continuing Disclosure Undertakings entered into on or after February 27, 2019. These Listed Events are discussed in further detail below. If clarification is required regarding what is meant by each such Listed Event, the District's disclosure counsel should be contacted to clarify such meaning.

*Filing Event Notices.* Each such notice shall be filed by the District, or by the Dissemination Agent, if any, on behalf of the District, to EMMA in a timely manner.

*Occurrence of a Listed Event.* The Issuer should contact its disclosure counsel if it has any questions regarding the occurrence of a Listed Event, and whether such occurrence may require the filing of an Event Notice.

*Additional Listed Events Required in Continuing Disclosure Undertakings Entered Into On and After February 27, 2019.* As a result of an amendment to the Rule, Continuing Disclosure Undertakings entered into on or after February 27, 2019, are required to include certain additional Listed Events relating to (a) the incurrence of certain financial obligations if material (other than bonds or notes for which an official statement has been posted to EMMA), (b) the modification of the terms of a financial obligation which affects



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security holders, if material, and (c) a default, event of default, acceleration, waiver or other modification or similar events with respect to a financial obligation that reflects financial difficulties. Included as Appendix A is a list of the Listed Events required by the Rule, identifying the two additional events that were incorporated by the amendment to the Rule and are required to be in all Continuing Disclosure Undertakings following February 27, 2019.

As provided in the amendment to the Rule, "[t]he 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" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule (i.e., posted to EMMA).

Debt Obligations. SEC Rel. No. 34-83886 (the "SEC Release"), the adopting release published in connection with the amendments to the Rule, interprets debt obligations to include both debt and debt-like obligations, and requires them to be disclosed when incurred or amended, if material.

Debt obligations exclude bonds, notes or other obligations (including lease revenue bonds or certificates of participation) offered pursuant to an official statement that complies with the Rule, and is posted by the underwriter or the Issuer to EMMA. Debt obligations also exclude ordinary financial and operating liabilities incurred in the normal course of the Issuer's business.

The SEC Release interprets debt-like obligations to include leases that are "vehicles to borrow money." The SEC Release points to lease-revenue transactions and certificates of participation transactions as examples of such vehicles, as these transactions involve a person advancing money to an Issuer which will be used by the Issuer to acquire or improve property, obtaining title to or a lease of the property, and leasing or subleasing the property to the Issuer in consideration for rent that repays the advance. Most operating leases would not fall into the category of debt obligations for purposes of the amendment either because they do not result in the receipt of money by or for the benefit of an Issuer or are ordinary obligations incurred in the normal course of Issuer operations.

Derivative Instruments. The SEC defines "derivative instrument" as "a derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation." The SEC Release interprets "derivative instrument" to include any swap, security-based swap, future contract, forward contract, option, any combination of the foregoing, or any similar instrument," but only if

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related to an existing or planned debt, either because entered into to hedge the debt or pledged as security for the debt.

Guarantees. The SEC Release states that an Issuer's "guarantee" of a "debt obligation" or covered derivatives instrument would also be considered a "financial obligation." For these purposes, "guarantee" is intended to include any obligation to pay or secure a third party's or Issuer's financial obligation. This term would include a payment guarantee by an entity such as the District.

It is hereby the policy of the District, that the Responsible Officer be notified of the incurrence of any financial obligation to be entered into by or on behalf of the District. The Responsible Officer shall take measures to advise all applicable District staff of this District policy.

In addition, such Responsible Officer will notify the District's municipal advisor and the District's bond counsel and/or disclosure counsel of the receipt by the District of any default, event of acceleration, termination event, modification of terms (only if material or reflecting financial difficulties), or other similar events under any agreement or obligation to which the District is a party and which may be a "financial obligation" as discussed above. Such notice should be provided by the Responsible Officer as soon as the Responsible Officer receives notice from District staff, consultants or external parties of such event or receives direct written notice of such event so that the District can determine, with the assistance of the municipal advisor and bond counsel and/or disclosure counsel, whether notice of such event is required to be filed on EMMA pursuant to the Rule. If filing on EMMA is required, the filing is due within 10 business days of the occurrence of such event to comply with the applicable Continuing Disclosure Undertaking entered into after February 27, 2019.

The District will develop a system whereby a designated member of District Staff will create a list identifying the execution by the District of any agreement or other obligation which might constitute a "financial obligation" for purposes of the Rule and which is entered into after February 27, 2019. Amendments to existing agreements or financial obligations which relate to covenants, events of default, remedies, priority rights, or other similar terms should be reported to the District's municipal advisor and the District's bond counsel and/or disclosure counsel as soon as notice of amendment requests is received by District staff, consultants, or external parties of such event. Such notice is necessary so that the District can determine, with the assistance of bond counsel and/or disclosure counsel, whether such agreement or other obligation constitutes a material "financial obligation" for purposes of the Rule. If such agreement or other obligation is determined to be a material "financial obligation" or a material amendment to a "financial obligation" described above, notice thereof would be required to be filed on EMMA within 10 business days of execution or incurrence.

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2022-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES  
DISTRICT APPROVING THE ADOPTION OF THE AMENDMENT TO THE DEBT  
MANAGEMENT POLICY AND THE ADOPTION OF A CONTINUING DISCLOSURE  
UNDERTAKING POLICY FOR THE DISTRICT  
EXHIBIT "B"**

**8. RECORD RETENTION**

The District should retain the transcript containing the documents related to each issue of municipal securities of the District. The District will retain electronic and paper copies of each Annual Report submitted to EMMA. The District will retain electronic and paper copies of each Listed Event Notice submitted to EMMA. The District should retain all source data used to complete the Annual Report. For example, source material pertaining to assessed valuation, tax rates or other tables noted in the Continuing Disclosure Undertaking that are required to be updated annually.

The Responsible Officer should create an index cataloging the aforementioned documents (the "retained documents"). Such index and documents should be stored at the main office of the District. The Responsible Officer should be responsible for the maintenance and updating of such index. If the individual serving as Responsible Officer is replaced, the index, the retained documents and a copy of these procedures should be provided to the individual assuming the position of Responsible Officer.

The retained documents identified in this Section 8.0 should be retained for a period of at least six years following the maturity, prepayment or redemption of the related issue of municipal securities.

**9. EFFECTIVE DATE**

This Continuing Disclosure Undertaking Policy is effective as of January 8, 2020.

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2020-1539**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES  
DISTRICT APPROVING THE ADOPTION OF THE AMENDMENT TO THE DEBT  
MANAGEMENT POLICY AND THE ADOPTION OF A CONTINUING DISCLOSURE  
UNDERTAKING POLICY FOR THE DISTRICT  
EXHIBIT "B"**

**Appendix A**

**Listed Events – Pre-February 27, 2019**

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the security, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the Issuer or another obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or another obligated person or the sale of all or substantially all of its assets, 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, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2020-1539**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES  
DISTRICT APPROVING THE ADOPTION OF THE AMENDMENT TO THE DEBT  
MANAGEMENT POLICY AND THE ADOPTION OF A CONTINUING DISCLOSURE  
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EXHIBIT "B"**

**New Events – Post-February 27, 2019 Transactions**

- (xv) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.