

TO: BOARD OF DIRECTORS
FROM: RAY DIENZO, P.E. R.D.
GENERAL MANAGER
DATE: JANUARY 16, 2025



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 Consent 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 8, 2025 REGULAR BOARD MEETING MINUTES
[RECOMMEND APPROVE MINUTES]
- D-3) INVESTMENT POLICY - QUARTERLY REPORT [RECOMMEND ACCEPT AND FILE
REPORT]
- D-4) ANNUAL REVIEW OF DEBT MANAGEMENT POLICY AND CONTINUING
DISCLOSURE UNDERTAKING POLICY [RECOMMEND REVIEW DEBT
MANAGEMENT POLICY AND CONTINUING DISCLOSURE UNDERTAKING POLICY]
- D-5) ANNUAL REVIEW OF DISTRICT INVESTMENT POLICY [RECOMMEND REVIEW
AND REAFFIRM POLICY]

TO: BOARD OF DIRECTORS
REVIEWED: RAY DIENZO, P.E. *R.D.*
GENERAL MANAGER
FROM: JANA ETTEDDGUE *Jn*
FINANCE DIRECTOR
DATE: JANUARY 17, 2025

**AGENDA ITEM
D-1(A)
JANUARY 22, 2025**

WARRANTS

COMPUTER CHECKS GENERATED – SEE ATTACHED	\$1,217,259.07
HAND WRITTEN CHECKS	NONE
VOIDED CHECKS	NONE

Item D-1(A) Warrants JANUARY 22, 2025

Nipomo Community Services District

By Payment Number

Payment Dates 01/22/2025 - 01/22/2025

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
Payment: 13094				
Achievement House, Inc.	Clean Streets Program -	76516	01/22/2025	4,590.00 M
Payment 13094 Total:				<u>4,590.00</u>
Payment: 13095				
Advantage Answering Plus, Inc.	Answering service	000035-009-371	01/22/2025	510.03 M
Payment 13095 Total:				<u>510.03</u>
Payment: 13096				
Aqua-Metric Sales, Co.	Base station maintenance	INV0105741	01/22/2025	3,982.04 O
Payment 13096 Total:				<u>3,982.04</u>
Payment: 13097				
Ayala, Sandro	Uniform - Boot reimbursement	JAN2025	01/22/2025	185.00 A
Payment 13097 Total:				<u>185.00</u>
Payment: 13098				
Brenntag Pacific, Inc.	Citric acid	BPI486634	01/22/2025	1,726.97 M
Brenntag Pacific, Inc.	Sodium hypochlorite	BPI486633	01/22/2025	750.52 M
Brenntag Pacific, Inc.	Sodium hypochlorite	BPI485756	01/22/2025	665.12 M
Payment 13098 Total:				<u>3,142.61</u>
Payment: 13099				
California Rural Water	Annual membership renewal	2025	01/22/2025	1,662.00 A
Payment 13099 Total:				<u>1,662.00</u>
Payment: 13100				
Charter Communications	Dedicated fiber line - Shop	170591901010125	01/22/2025	734.20 M
Payment 13100 Total:				<u>734.20</u>
Payment: 13101				
Charter Communications	Dedicated fiber line - Shop	170593201010125	01/22/2025	734.20 M
Payment 13101 Total:				<u>734.20</u>
Payment: 13102				
City of Santa Maria	Water purchased 10-1-24 to 12-	01082025	01/22/2025	763,619.75 Q
Payment 13102 Total:				<u>763,619.75</u>
Payment: 13103				
CivicPlus LLC	Annual subscription	324872	01/22/2025	906.25 A
Payment 13103 Total:				<u>906.25</u>
Payment: 13104				
DataProse, LLC	Postage bills/late notices	DP2405909-P	01/22/2025	3,090.16 M
DataProse, LLC	Mail bills/late notices	DP2405909	01/22/2025	775.98 M
Payment 13104 Total:				<u>3,866.14</u>
Payment: 13105				
Deere & Company	Gator with brush guard	117672273	01/22/2025	27,425.28 O
Payment 13105 Total:				<u>27,425.28</u>
Payment: 13106				
Dienzo, Ray	Cell phone reimbursement	JAN2025	01/22/2025	100.00 M
Payment 13106 Total:				<u>100.00</u>
Payment: 13107				
Eagle Aerial Photography Inc	Annual UWUO reporting	20742	01/22/2025	1,500.00 O
Payment 13107 Total:				<u>1,500.00</u>
Payment: 13108				
EMCOR Services Mesa Energy	Quarterly HVAC maintenance	960105908	01/22/2025	1,514.00 Q
Payment 13108 Total:				<u>1,514.00</u>

Item D-1(A) Warrants JANUARY 22, 2025

Payment Dates: 01/22/2025 - 01/22/2025

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
Payment: 13109				
Excel Personnel Services, Inc.	Employment agency	4517515	01/22/2025	446.40 M
Excel Personnel Services, Inc.	Employment agency	4513940	01/22/2025	558.00 M
Payment 13109 Total:				1,004.40
Payment: 13110				
Heacock Trailers & Truck	Rack and mount for Veh #192	22246	01/22/2025	1,011.37 O
Payment 13110 Total:				1,011.37
Payment: 13111				
Home Depot Credit Services	Credit for returned item	NOV2024-C	01/22/2025	-507.18 O
Home Depot Credit Services	Tools and supplies	DEC2024	01/22/2025	228.63 O
Home Depot Credit Services	Tools and supplies	NOV2024	01/22/2025	2,105.67 O
Payment 13111 Total:				1,827.12
Payment: 13112				
Integrated Industrial Supply, Inc.	Brass fog nozzles	101729	01/22/2025	420.72 O
Payment 13112 Total:				420.72
Payment: 13113				
Kurpinsky, Barry	Washer rebate	JAN2025	01/22/2025	75.00 O
Payment 13113 Total:				75.00
Payment: 13114				
Miner's Ace Hardware	Supplies	DEC2024	01/22/2025	917.25 M
Payment 13114 Total:				917.25
Payment: 13115				
Mission Uniform Service	Uniforms	523065630	01/22/2025	276.63 M
Mission Uniform Service	Uniforms	523026311	01/22/2025	283.50 M
Payment 13115 Total:				560.13
Payment: 13116				
NewLane Finance Company	Telephone	412071	01/22/2025	313.98 M
Payment 13116 Total:				313.98
Payment: 13117				
NexTraq	Monthly GPS subscription	USCI_06222	01/22/2025	603.05 M
Payment 13117 Total:				603.05
Payment: 13118				
Nipomo Area Recreation	Monthly Clean Streets Program -DEC2024		01/22/2025	552.71 M
Payment 13118 Total:				552.71
Payment: 13119				
Nipomo Community Services	Water	DEC2024	01/22/2025	2,489.24 M
Payment 13119 Total:				2,489.24
Payment: 13120				
No Limit Tire, Inc	Flat repair - Veh # 192	50218	01/22/2025	90.00 O
No Limit Tire, Inc	Flat repair - Veh # 171	50219	01/22/2025	25.00 O
Payment 13120 Total:				115.00
Payment: 13121				
Nunley & Associates, Inc.	TO# 2023-004 2022 Water Loss	001050001255	01/22/2025	1,254.54 O
Nunley & Associates, Inc.	TO#2024-008 2023 Water Loss	001050001256	01/22/2025	1,201.25 O
Nunley & Associates, Inc.	TO#2022-004 Frontage Rd Trunk	001050001254	01/22/2025	4,386.52 O
Nunley & Associates, Inc.	TO#2024-006 SWP	001050001249	01/22/2025	19,074.50 O
Payment 13121 Total:				25,916.81
Payment: 13122				
OEC	Lab tests - Southland	A250122	01/22/2025	2,933.00 M
OEC	Lab tests - Water	A250116	01/22/2025	3,535.00 M
OEC	Lab tests - Blacklake	A250123	01/22/2025	2,886.00 M
Payment 13122 Total:				9,354.00
Payment: 13123				
Office Depot	Office supplies	404491282001	01/22/2025	127.89 M
Office Depot	Credit for Inv#385185831001	385695764001	01/22/2025	-30.00 M
Office Depot	Office supplies	404482713001	01/22/2025	37.52 M

Item D-1(A) Warrants JANUARY 22, 2025

Payment Dates: 01/22/2025 - 01/22/2025

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
Office Depot	Office supplies	400881104001	01/22/2025	29.71 M
Office Depot	Office supplies	395512323001	01/22/2025	72.92 M
Payment 13123 Total:				238.04
Payment: 13124				
PG&E	Electricity	DEC2024	01/22/2025	62,880.96 M
Payment 13124 Total:				62,880.96
Payment: 13125				
R. Baker, Inc.	Labor and materials to install	870	01/22/2025	1,463.68 O
Payment 13125 Total:				1,463.68
Payment: 13126				
Richards, Watson & Gershon	Dana Reserve Specific Plan	250982	01/22/2025	3,233.00 M
Richards, Watson & Gershon	General legal services through	250980	01/22/2025	6,130.58 M
Richards, Watson & Gershon	Water rights adjudication	250981	01/22/2025	438.20 M
Richards, Watson & Gershon	Legal services - Nipomo Action	250983	01/22/2025	3,341.95 M
Payment 13126 Total:				13,143.73
Payment: 13127				
Secretary of State	Filing fee for SF-405 Change of	2025	01/22/2025	6.50 A
Payment 13127 Total:				6.50
Payment: 13128				
Simplot Grower Solutions	CAN 17	780174755	01/22/2025	521.08 M
Payment 13128 Total:				521.08
Payment: 13129				
SLO County Public Works	County project #300648	300648.09.02	01/22/2025	86,795.61 O
Payment 13129 Total:				86,795.61
Payment: 13130				
State Water Resources Control	Annual water system fees	LW-1049981	01/22/2025	34,569.44 A
Payment 13130 Total:				34,569.44
Payment: 13131				
Taft Electric Company	Permits, materials and labor for	35-1461-B	01/22/2025	3,428.00 O
Payment 13131 Total:				3,428.00
Payment: 13132				
Tyler Technologies, Inc.	Annual software	025-483813	01/22/2025	19,091.74 A
Payment 13132 Total:				19,091.74
Payment: 13133				
UBEO Business Services fka Ray	B&W/Color copies	4756642	01/22/2025	108.09 M
UBEO Business Services fka Ray	B&W/Color copies	4752235	01/22/2025	383.48 M
Payment 13133 Total:				491.57
Payment: 13134				
US Bank National Association	Operating supplies and tools	DEC2024E	01/22/2025	875.26 M
US Bank National Association	Postage	DEC2024G	01/22/2025	10.64 M
US Bank National Association	Storage unit	DEC2024D	01/22/2025	269.00 M
US Bank National Association	Monthly software subscriptions	DEC2024C	01/22/2025	131.99 M
US Bank National Association	Travel and meals	DEC2024B	01/22/2025	2,420.59 M
US Bank National Association	Board meeting supplies	DEC2024A	01/22/2025	16.50 M
US Bank National Association	Office supplies	DEC2024F	01/22/2025	580.95 M
US Bank National Association	Website domain renewal	DEC2024H	01/22/2025	16.17 M
US Bank National Association	Install of backup cameras for 2	DEC2024I	01/22/2025	1,631.25 M
Payment 13134 Total:				5,952.35
Payment: 13135				
USA Bluebook	Free ammonia reagent sets	INV00579752	01/22/2025	775.59 O
Payment 13135 Total:				775.59
Payment: 13136				
Voelker, Tyler	Uniform - Boot reimbursement	JAN2025	01/22/2025	185.00 A
Payment 13136 Total:				185.00
Payment: 13137				
W.M. Lyles Co	SWP Interconnection	54.9341.02	01/22/2025	127,898.50 O

Item D-1(A) Warrants JANUARY 22, 2025

Payment Dates: 01/22/2025 - 01/22/2025

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
Payment: 13137				127,898.50
White, Christian	Uniform - Boot reimbursement	JAN2025	01/22/2025	185.00
Payment 13138 Total:				185.00 A
Payment: 13139				1,931.00
People Self Help	FIRE HYDRANT REFUND	77-1000-02	01/22/2025	1,931.00
Payment 13139 Total:				1,931.00 O
Payment: 13140				7.17
Sparshott, Eric & Melissa	UB REFUND	11-9004-02	01/22/2025	7.17
Payment 13140 Total:				7.17 O

TO: BOARD OF DIRECTORS
REVIEWED: RAY DIENZO, P.E. *R.D.*
GENERAL MANAGER
FROM: JANA ETTEDDGUE *Jw*
FINANCE DIRECTOR
DATE: JANUARY 17, 2025

AGENDA ITEM
D-1(B)
JANUARY 22, 2025

WARRANTS – BLACKLAKE ASSESSMENT DISTRICT 2020-1

COMPUTER CHECKS GENERATED – SEE ATTACHED	\$293,962.21
VOIDED CHECKS	NONE

Item D-1(B) Warrants JANUARY 22, 2025

Nipomo Community Services District

By Payment Number

Payment Dates 01/22/2025 - 01/22/2025

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
Payment: 175				
Cannon Corporation	Blacklake Sewer Consolidation	90767	01/22/2025	12,553.00
			Payment 175 Total:	12,553.00
Payment: 176				
Nipomo Community Services	Water	DEC2024-BL	01/22/2025	2,254.20
			Payment 176 Total:	2,254.20
Payment: 177				
Nunley & Associates, Inc.	CM - Blacklake LS Sewer	001050001248	01/22/2025	46,319.25
			Payment 177 Total:	46,319.25
Payment: 178				
Spiess Construction Co.	Blacklake Sewer Consolidation	BL AD - 4	01/22/2025	155,538.75
Spiess Construction Co.	Blacklake Sewer Consolidation	BL AD - 3	01/22/2025	64,790.00
			Payment 178 Total:	220,328.75
Payment: 179				
SWCA, Inc.	Blacklake System HCP	210957	01/22/2025	12,507.01
			Payment 179 Total:	12,507.01

TO: BOARD OF DIRECTORS
FROM: RAY DIENZO, P.E. R.D.
GENERAL MANAGER
DATE: JANUARY 16, 2025



**APPROVE JANUARY 8, 2025
REGULAR BOARD MEETING MINUTES**

ITEM

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

BACKGROUND

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

RECOMMENDATION

Approve Minutes

ATTACHMENT

- A. January 8, 2025 draft Board Meeting Minutes

JANUARY 22, 2025

ITEM D-2

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT

Serving the Community since 1965

DRAFT REGULAR MEETING MINUTES

JANUARY 8, 2025 AT 9:00 A.M.

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

BOARD of DIRECTORS

ED EBY, PRESIDENT
PHIL HENRY, VICE PRESIDENT
GARY HANSEN, DIRECTOR
JOHN JOYCE, DIRECTOR
VACANT, DIRECTOR

PRINCIPAL STAFF

RAY DIENZO, GENERAL MANAGER
JANA ETTEDDGUE, FINANCE DIR/ASST GM
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 Eby called the Regular Meeting of January 8, 2025, to order at 9:00 a.m. and led the flag salute.

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

B-1) ROLL CALL

At roll call, Directors Joyce, Henry, and Eby were present. Director Hansen was absent.

There were no public comments.

C. PRESENTATIONS AND REPORTS

C-1) RECOGNITION OF 2024 BOARD OFFICERS, AND SEATING OF 2025 BOARD OFFICERS [NO ACTION REQUESTED]

Ray Dienzo, General Manager, thanked the 2024 Board President, Ed Eby, and Director Henry for their service to the Board and the Nipomo community.

Director Eby was seated as the President of the Board for 2025 and Director Henry was seated as Vice President of the Board.

C-2) 2024 FALL GROUNDWATER INDEX REVIEW [RECOMMEND RECEIVE AND FILE REPORT]

Dr. Brad Newton, Newton Geo-Hydrology Consulting Services, presented the item and answered questions from the Board.

SUBJECT TO BOARD APPROVAL

Nipomo Community Services District
REGULAR MEETING
MINUTES

- C-3) DIRECTORS' ANNOUNCEMENTS OF DISTRICT AND COMMUNITY INTEREST AND REPORTS ON ATTENDANCE AT PUBLIC MEETINGS, TRAINING PROGRAMS, CONFERENCES AND SEMINARS

Director Eby

- *December 19, attended LAFCO meeting*

There were no public comments.

- D. 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 Consent Items. Questions or clarification may be made by the Board members without removal from the Consent Agenda. 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.*

- D-1) WARRANTS [RECOMMEND APPROVAL]
- D-2) APPROVE DECEMBER 11, 2024 REGULAR BOARD MEETING MINUTES [RECOMMEND APPROVE MINUTES]
- D-3) CONSIDER REQUEST FOR WATER AND SOLID WASTE SERVICE (INTENT-TO-SERVE LETTER) FOR A MIXED-USE DEVELOPMENT LOCATED AT 1383 LOS BERROS ROAD [RECOMMEND ISSUE INTENT-TO-SERVE LETTER WITH CONDITIONS]

Jana Ettedgue, Finance Director, answered questions from the Board regarding item D-1.

Peter Sevcik, District Engineer, answered questions from the Board regarding item D-1.

There were no public comments.

Upon the motion of Director Henry, and seconded, the Board approved the Consent Agenda.

Vote 3-0-1

YES VOTES	ABSTAIN	ABSENT
<i>Directors Henry, Joyce, and Eby</i>	<i>None</i>	<i>Hansen</i>

- E. ADMINISTRATIVE ITEMS

- E-1) APPOINTMENT OF DIRECTOR TO FILL VACANCY ON THE BOARD FOR THE REMAINDER OF DIRECTOR GADDIS'S TERM [RECOMMEND APPOINTING A QUALIFIED INDIVIDUAL AT THE PLEASURE OF THE BOARD TO FILL VACANCY, ADMINISTER THE OATH OF OFFICE, AND SEAT THE NEW DIRECTOR]

SUBJECT TO BOARD APPROVAL

Nipomo Community Services District
REGULAR MEETING
MINUTES

Ray Dienzo, General Manager, introduced the item.

James Wejrowski, Nipomo resident, addressed the Board regarding his candidacy and answered questions.

Tom Glover, Nipomo resident, addressed the Board regarding his candidacy and answered questions.

Pam Wilson, Nipomo resident, withdrew her letter of interest.

Craig Steele, District Legal Counsel, answered questions from the Board.

There were no public comments.

Director Henry nominated Tom Glover to fill the vacancy on the District's Board of Directors.

Upon the motion of Director Henry, and seconded, the Board nominated Tom Glover to fill the vacancy on the District's Board of Directors.

Vote 2-1-1

YES VOTES	NO VOTES	ABSENT
<i>Directors Henry and Eby</i>	<i>Joyce</i>	<i>Hansen</i>

Director Joyce nominated James Wejrowski to fill the vacancy on the District's Board of Directors.

Upon the motion of Director Joyce, and seconded, the Board nominated James Wejrowski to fill the vacancy on the District's Board of Directors.

Vote 1-2-1

YES VOTES	NO VOTES	ABSENT
<i>Directors Joyce</i>	<i>Henry, Eby</i>	<i>Hansen</i>

By acclamation, the Board appointed Tom Glover to fill the vacancy on the District's Board of Directors.

Ray Dienzo administered the Oath of Office and Director Glover was seated on the Board.

E-2) RATIFY 2025 COMMITTEE ASSIGNMENTS [RECOMMEND APPROVE COMMITTEE ASSIGNMENTS]

Ray Dienzo, General Manager, presented the item.

President Eby appointed Director Henry as a member for the Finance and Audit Committee.

President Eby appointed Director Joyce as a member for the Administration Committee.

SUBJECT TO BOARD APPROVAL

Nipomo Community Services District
REGULAR MEETING
MINUTES

President Eby appointed Director Henry as the Chair for the Facilities and Water Resources Committee, with Director Eby as a member.

President Eby appointed Director Joyce as a delegate for the South County Advisory Council.

President Eby appointed Director Henry as a delegate for the Regional Water Management Group.

All other committee assignments remain the same.

Ray Dienzo, General Manager, answered questions from the Board.

Peter Sevcik, District Engineer, answered questions from the Board.

Pam Wilson, Nipomo resident, commented on the item.

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

Vote 4-0-1.

YES VOTES	NO VOTES	ABSENT
Directors Joyce, Henry, Glover, and Eby	None	Hansen

- E-3) CONSIDER AUTHORIZING GENERAL MANAGER TO ENTER INTO A DEPOSIT AGREEMENT WITH THE OWNER OF 1707 LYN ROAD TO EVALUATE THEIR ANNEXATION APPLICATION [RECOMMEND AUTHORIZE GENERAL MANAGER TO ENTER INTO DEPOSIT AGREEMENT]

Ray Dienzo, General Manager, presented the item and answered questions from the Board.

Craig Steele, Legal Counsel, answered questions from the Board.

David Cross, Fletcher-Cross & Associates, representing Tracy Robins, commented on the item.

Tracy Robins, Nipomo resident, commented on the item.

Gerald Stover, Nipomo resident, commented on the item.

Upon the motion of Director Henry and seconded, the Board approved authorizing the General Manager to enter into a deposit agreement with the property owner to evaluate the annexation application. Director Glover abstained due to being newly appointed to the Board

Vote 3-1-1.

YES VOTES	ABSTAIN	ABSENT
Directors Henry, Joyce, and Eby	Glover	Hansen

SUBJECT TO BOARD APPROVAL

Nipomo Community Services District
REGULAR MEETING
MINUTES

- E-4) LOCAL AGENCY FORMATION COMMISSION SPECIAL DISTRICT SEAT NOMINATION [RECOMMEND CONSIDER NOMINATING A NIPOMO COMMUNITY SERVICES DISTRICT DIRECTOR TO FILL THE SPECIAL DISTRICT MEMBER SEAT ON LAFCO]

Ray Dienzo, General Manager, introduced the item and answered questions from the Board.

There were no public comments.

Director Henry nominated Director Eby to fill the vacant seat set to expire in December 2026.

Upon the motion of Director Henry and seconded, the Board nominated Director Eby to fill the Special District Member seat on LAFCO, set to expire in December 2026.

Vote 3-1-1.

YES VOTES	ABSTAIN	ABSENT
<i>Directors Henry, Eby, Glover, and Joyce</i>	<i>None</i>	<i>Hansen</i>

President Eby called for a 5-minute recess.

President Eby called the meeting to order at 10:55 a.m.

F. GENERAL MANAGER'S REPORT

Ray Dienzo, General Manager, presented the item and answered questions from the Board.

Director Eby commended the District's Finance team for their good management of the District's investments.

Director Eby appointed himself as the Chairperson, and Director Glover as a member for the Supplemental Water Ad Hoc Committee, with Craig Steele, Legal Counsel, Peter Sevcik, District Engineer, and Ray Dienzo, General Manager to serve as well.

G. COMMITTEE REPORTS

None.

H. DIRECTORS' REQUESTS TO STAFF AND SUPPLEMENTAL REPORTS

None.

I. CLOSED SESSION ANNOUNCEMENTS

Craig Steele, General Counsel, announced that there would be no closed session.

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

SUBJECT TO BOARD APPROVAL

Nipomo Community Services District
REGULAR MEETING
MINUTES

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

ADJOURN MEETING

Director Eby adjourned the meeting at 11:12 a.m.

MEETING SUMMARY	HOURS & MINUTES	
Regular Meeting	2 hours	12 minutes
Closed Session	0 hours	0 minutes
TOTAL HOURS	2 hours	12 minutes

Respectfully submitted,

Ray Dienzo, General Manager and Secretary to the Board Date

DRAFT

SUBJECT TO BOARD APPROVAL

TO: BOARD OF DIRECTORS
REVIEWED: RAY DIENZO, P.E. R.D.
GENERAL MANAGER
FROM: JANA ETTEDDGUE
FINANCE DIRECTOR
DATE: JANUARY 16, 2025



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 [Attachment A] 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 the District Auditor.

ATTACHMENTS

- A. Quarterly Investment Report

JANUARY 22, 2025

ITEM D-3

ATTACHMENT A

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
INVESTMENT POLICY-QUARTERLY REPORT 12/31/2024**

UNRESTRICTED POOLED CASH ACCOUNTS							
<i>Investment</i>	<i>Institution</i>	<i>Amount of Deposit 12/31/24</i>	<i>Rate of Interest as of 12/31/24</i>	<i>Quarterly Interest Earned or Accrued 12/31/24</i>	<i>Amount of Deposit 12/31/23</i>	<i>Rate of Interest as of 12/31/23</i>	<i>Quarterly Interest Earned or Accrued 12/31/23</i>
Public Checking (1)	<i>Five Star Bank</i>	\$519,255.15	n/a	n/a	\$558,012.06	n/a	n/a
Public Money Market	<i>Five Star Bank</i>	\$4,972,760.58	4.58%	\$22,009.29	\$623,504.17	3.84%	\$5,276.46
Public Money Market	<i>Mechanics Bank</i>	\$778,257.05	4.67%	\$8,197.01	\$196,125.76	4.20%	\$1,571.36
Pooled Money Investment	<i>Local Agency Investment Fund (LAIF)</i>	\$13,474,593.35	4.62%	\$156,710.98	\$13,720,420.99	4.00%	\$140,917.98
Pooled Money Investment	<i>Multi Bank Securities</i>	\$2,069,384.66 See attached	5.30-5.40%	\$148,820.96	\$5,652,507 See attached	5.15-5.35%	\$81,459.09
RESTRICTED CASH ACCOUNTS – DEVELOPER BOND FUNDS HELD IN TRUST							
Money Mkt - Performance Bond	<i>Five Star</i>	\$20,798.28	4.58%	\$236.05	\$19,915.30	3.84%	\$182.25
Money Mkt - Performance Bond	<i>Five Star</i>	\$17,582.39	4.58%	\$199.55	\$16,835.94	3.84%	\$154.07
RESTRICTED CASH ACCOUNT – NIPOMO SUPPLEMENTAL WATER FUNDED REPLACEMENT HELD IN TRUST							
Savings–NSWP Funded Replacement	<i>Five Star</i>	\$2,100,810.81	4.58%	\$23,625.02	\$1,816,707.10	3.84%	\$16,388.78
RESTRICTED CASH ACCOUNTS – ASSESSMENT DISTRICT 2020-1 HELD IN TRUST							
Public Checking - BL A/D 2020-1 (1)	<i>Five Star</i>	\$4,932.77	n/a	n/a	\$3,300.58	n/a	n/a
Money Mkt - BL A/D 2020-1	<i>Five Star</i>	\$2,078,588.76	4.58%	\$24,363.75	\$2,039,043.17	3.84%	\$18,689.02
Money Mkt - BL Tax Roll Collections	<i>Five Star</i>	\$159,112.25	4.58%	\$833.40	\$165,657.17	3.84%	\$700.03

(1) Analyzed Account
n/a Not applicable

Nipomo Communtiy Services District
Investments
December 31, 2024

<u>Type of Investment</u>	<u>CUSIP</u>	<u>Purchased</u>	<u>Maturity</u>	<u>Yield to Maturity</u>	<u>Par Value(1)</u>	<u>Market Value(2)</u>	<u>Cost Basis(3)</u>
12 Month Certificates of Deposit (CD's)							
Certificate of Deposit - Simmons Bank Pine	82869AGJ8	6/17/2024	6/17/2025	5.30%	\$ 237,000	\$ 238,076	\$ 237,000
Certificate of Deposit - Bar Harbor Bank & Trust	066851YJ9	6/17/2024	6/17/2025	5.30%	\$ 237,000	\$ 238,076	\$ 237,000
Certificate of Deposit - Charles Schwab	15987UCW6	6/20/2024	6/17/2025	5.35%	\$ 237,000	\$ 238,130	\$ 237,000
Certificate of Deposit - CFSBank Charlerol PA	12526AAP2	6/20/2024	6/20/2025	5.30%	\$ 237,000	\$ 238,102	\$ 237,000
Certificate of Deposit - Western Alliance Bank	95763PTU5	6/21/2024	6/20/2025	5.40%	\$ 237,000	\$ 238,209	\$ 237,000
Certificate of Deposit - Gateway Bank Mendota	36758RFA1	6/21/2024	6/20/2025	5.30%	\$ 237,000	\$ 238,102	\$ 237,000
Certificate of Deposit - Byline Bank Chicago	12441PBQ8	6/21/2024	6/20/2025	5.35%	\$ 237,000	\$ 238,157	\$ 237,000
12 Month CD Subtotal					\$ 1,659,000	\$ 1,666,852	\$ 1,659,000
Investment Total					\$ 1,659,000	\$ 1,666,852	\$ 1,659,000
<u>Matured/Retired Investments</u>	<u>CUSIP</u>	<u>Purchased</u>	<u>Maturity</u>	<u>Yield to Maturity</u>	<u>Par Value(1)</u>	<u>Market Value(2)</u>	<u>Cost Basis(3)</u>
6 Month Treasuries							
Treasury Bills	912797LF2	6/28/2024	12/5/2024	5.136%	\$ 3,886,000	\$ 3,798,992	\$ 3,794,652
18 Month Certificates of Deposit (CD's)							
Certificate of Deposit - Alpine Bank Glenwood	02081QCN8	6/28/2023	12/30/2024	5.15%	\$ 200,000	\$ 199,804	\$ 200,000
Certificate of Deposit - Mercantile Bank Grand	587379AM0	6/30/2023	12/30/2024	5.15%	\$ 200,000	\$ 199,722	\$ 200,000
Total					\$ 3,886,000	\$ 3,798,992	\$ 3,794,652

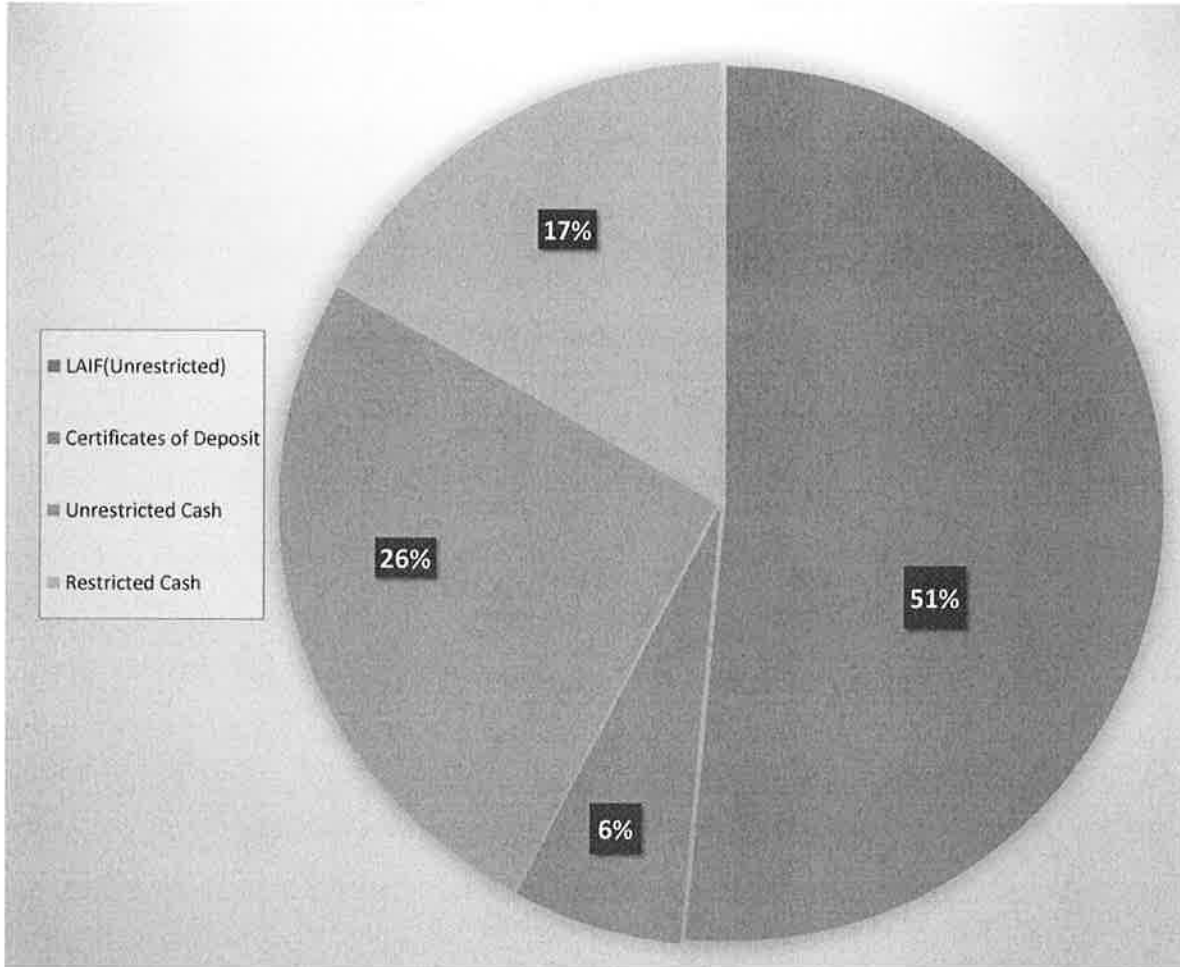
Market Value Source: eConnectDirect.com for the Certificates of Deposit and Treasuries

- (1) Par Value is the Face Value of the investment when it matures
- (2) Market Value of Certificates of Deposit is shown as of 12/31/2024
- (3) Cost Basis is the original purchase price of the investment

Notes to Mention

- Investments listed in this report comply with the California Government Codes 53600-53864 and the District's Statement of Investment Policy.
- Sufficient funds are available to meet the District's expenditure requirements for the next six months.
- All CDs are 100% FDIC insured and noncallable

**Nipomo Community Services District
Cash and Investment Allocation
December 31, 2024**



Cash and Investment Summary		
LAIF(Unrestricted)	\$ 13,474,593	51%
Certificates of Deposit	\$ 1,659,000	6%
Unrestricted Cash	\$ 6,680,658	26%
Restricted Cash	\$ 4,381,825	17%
Total	\$ 26,196,076	100%

Pursuant to Section 8.A. of the Investment Policy

Summary of Electronic Transfers (greater than \$500,000)

Transfer Date	Amount	Transfer From	Transfer To
12/5/2024	3,866,000	MBS	FSB Checking
12/6/2024	3,866,000	FSB Checking	FSB Money Market

TO: BOARD OF DIRECTORS
FROM: RAY DIENZO, P.E. R.D.
GENERAL MANAGER
DATE: JANUARY 16, 2025



ANNUAL REVIEW OF DEBT MANAGEMENT POLICY AND CONTINUING DISCLOSURE UNDERTAKING POLICY

ITEM

Review of the Debt Management Policy and the Continuing Disclosure Undertaking Policy for the District. [RECOMMEND REVIEW DEBT MANAGEMENT POLICY AND CONTINUING DISCLOSURE UNDERTAKING POLICY]

BACKGROUND

The 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(j). The Debt Management Policy is reviewed annually to ensure compliance with the above and to suggest any recommended changes. A Continuing Disclosure Undertaking policy requires issuers of municipal bonds to provide ongoing, timely financial and operational information to bondholders and the public to ensure transparency and compliance with SEC regulations.

Bond counsel for the District has reviewed the 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 the Debt Management Policy and Continuing Disclosure Undertaking Policy.

ATTACHMENTS

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

JANUARY 22, 2025

ITEM D-4

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 26th day of January, 2022.

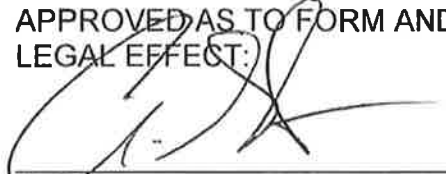


ED EBY
President of the Board

ATTEST:



MARIO IGLESIAS
General Manager and Secretary to the Board

APPROVED AS TO FORM AND
LEGAL EFFECT:


CRAG 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.

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"

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.

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"

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

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"

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.

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"

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),

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"

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

**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"**

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

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"

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

**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"**

- 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.

**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 CONTINUING DISCLOSURE
UNDERTAKING POLICY FOR THE DISTRICT
EXHIBIT "B"**

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.

**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"**

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

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"

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

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"

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

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"

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
UNDERTAKING POLICY FOR THE DISTRICT
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.

TO: BOARD OF DIRECTORS

REVIEWED: RAY DIENZO, P.E.
GENERAL MANAGER

FROM: JANA ETTEDDGUE
FINANCE DIRECTOR 

DATE: JANUARY 16, 2025



ANNUAL REVIEW OF DISTRICT INVESTMENT POLICY

ITEM

Conduct annual review of District Investment Policy [RECOMMEND REVIEW AND REAFFIRM POLICY]

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 recommended no changes.

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 review and reaffirm the Investment Policy.

ATTACHMENTS

- A. Resolution 2024-1692

JANUARY 22, 2025

ITEM D-5

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2024-1692**

**A RESOLUTION OF THE
BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING THE DISTRICT'S 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, 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 2024 Investment Policy;
2. The District Board affirms its appointment of the General Manager, or the Finance Director in their absence, 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.
3. The District's 2023 Investment Policy is hereby amended as shown in underline in Exhibit A.

PASSED AND ADOPTED by the Board of Directors of the Nipomo Community Services District this 24th of January, 2024 on the following roll call vote:

AYES: *Directors Gaddis, Henry, Hansen, and Eby*

NOES: NONE

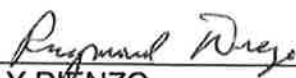
ABSENT: *Director Malvarose*

CONFLICTS: NONE




ED EBY, President
Nipomo Community Services District

ATTEST:



RAY DIENZO
Secretary to the Board

APPROVED AS TO FORM:



CRAIG A. STEELE
District Legal Counsel

**RESOLUTION 2024-1692
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. The Investment Officer (Finance Officer/Treasurer defined below) 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 Finance Director 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. Pursuant to Government Code Section 53607, this delegation of investment authority to the District Finance Officer and Treasurer is for a period of one calendar year only, and shall be reviewed by the District Board annually.

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 2024-1692
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. To protect against fraud or embezzlement or losses caused by the collapse of an individual securities dealer, all securities owned by the District shall be held in safekeeping by a third party bank trust department designated by the District. This designated third party shall act as agents for the District under the terms of a custody agreement. All trades executed by a dealer will settle delivery vs. payment (DVP) through the District's safekeeping agent. Investment advisors, dealers and others entrusted with holding and managing District funds shall be bonded and insured to protect the District against embezzlement or fraud. Securities held in custody for the District shall be independently audited by the District annually to verify investment holdings and the other factors required by this policy and applicable law.

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.

**RESOLUTION 2024-1692
EXHIBIT A**

**INVESTMENT POLICY
NIPOMO COMMUNITY SERVICES DISTRICT**

C. INTERNAL CONTROLS AND PROCEDURES

The Finance Officer/Treasurer shall establish, maintain, and comply with a system of written internal controls, which shall be reviewed at least annually with the District's independent (external) auditor. The controls are designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions of employees of the District or third parties. The Finance Officer/Treasurer shall evaluate any audit reports in a timely manner with the Board. The quarterly reports of the District shall be provided to the Board as required by this Policy and applicable law. Daily compliance of the investment portfolio shall be performed by the Finance Officer/Treasurer or designee. Compliance will be determined on a fair market value basis. All agreements, statements, and trade packets will be subject to review annually by the District's auditors in conjunction with their audit.

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, and only in compliance with applicable state law:

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. U.S. Treasuries and other government obligations for which the full faith and credit of the United States are pledged for payment of principle and interest, provided that the maximum maturity is five (5) years. There shall be no limits on the dollar amount or percentage that the District may invest in U.S. Treasuries.
5. Federally insured time deposits ("Certificates of Deposit") in state or federally chartered banks, savings and loans or credit unions, provided that all such investments shall be federally insured, fully collateralized in accordance with California law. The maximum maturity of such deposits shall not exceed five (5) years.
6. Negotiable Certificates of Deposit ("NCD") issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that not more than 30% of the portfolio invested shall be invested in a combination of federally insured non-negotiable certificates of deposit, and the maximum maturity does not exceed five (5) years.
7. 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.
8. 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 2024-1692
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, and shall be allocated in amounts that maximize the availability of FDIC insurance.

8. REPORTS

A. MONTHLY REPORT

The 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.

B. QUARTERLY REPORT

The 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 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 each security 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. Coupon, Coon Frequency (monthly, yearly, at maturity), Call Protection
7. Statement of compliance with the Statement of Investment Policy or the manner in which the portfolio is not in compliance

**RESOLUTION 2024-1692
EXHIBIT A**

**INVESTMENT POLICY
NIPOMO COMMUNITY SERVICES DISTRICT**

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)
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.