

NIPOMO COMMUNITY SERVICES DISTRICT

AGENDA

MAY 16, 2001

REGULAR MEETING 10:30 A.M.
BOARD ROOM 148 S. WILSON STREET NIPOMO, CA

BOARD MEMBERS

ROBERT BLAIR, PRESIDENT
AL SIMON, VICE PRESIDENT
RICHARD MOBRAATEN, DIRECTOR
MICHAEL WINN, DIRECTOR
JUDITH WIRSING, DIRECTOR

STAFF

DOUGLAS JONES, GENERAL MANAGER
DONNA JOHNSON, SEC. TO THE BOARD
JON SEITZ, GENERAL COUNSEL

NOTE: All comments concerning any item on the agenda are to be directed to the Board Chairperson.

A. CALL TO ORDER AND FLAG SALUTE

B. ROLL CALL

C. PUBLIC COMMENTS PERIOD

PUBLIC COMMENTS

Any member of the public may address and ask questions of the Board relating to any matter within the Board's jurisdiction, provided the matter is not on the Board's agenda, or pending before the Board. Presentations are limited to three (3) minutes or otherwise at the discretion of the Chair.

D. ADMINISTRATIVE ITEMS (The following may be discussed and action may be taken by the Board.)

D-1) REFINANCING OF EXISTING DEBT - AD93-1

Review of refinancing of Assessment District 93-1 (Summit Station)

D-2) DISTRICT ANNEXATION POLICY

Consideration to approve revisions to the District's annexation policy

D-3) REQUEST FOR ANNEXATION - TRACTS 1802 & 1856 (TRINCON)

Review draft annexation agreement to annex a 77-lot dev. on 82 acres near Santa Maria Speedway

E. OTHER BUSINESS

None

F. 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 be removed. If discussion is desired, the item will be removed from the Consent Agenda and will be considered separately. Questions or clarification may be made by the Board members without removal from the Consent Agenda. The recommendations for each item are noted in parenthesis.*

F-1) WARRANTS [RECOMMEND APPROVAL]

F-2) BOARD MEETING MINUTES [RECOMMEND APPROVAL]

Approval of Minutes of May 2, 2001 Regular Board meeting

Approval of Minutes of May 9, 2001 Study Session

G. MANAGER'S REPORT

G-1) Review future Board meeting schedule June 6, 27, and July 18, 2001

G-2) Elimination of the Unitary Roll from the Teeter Plan by SLO County

H. DIRECTORS COMMENTS

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL GC§54956.9

- a. Litigation CPUC Appl. No. A 00-03-029 (Gov. Code §54956.9)
- b. SMVWCD vs NCSD Santa Clara County Case No. CV 770214 and all consolidated cases.
- c. NCSD vs State Dept of Health Services CV 990716, GC §54956.9]
- d. Public Employee Performance Evaluation (Gen Mgr) GC§ 54957

ADJOURN

The next regular Board meeting will be held on June 6, 2001.

TO: BOARD OF DIRECTORS
FROM: DOUG JONES *D*
DATE: MAY 16, 2001

AGENDA ITEM
MAY 16 2001



REFINANCE OF EXISTING - ASSESSMENT DISTRICT 93-1

ITEM

Review of the refinancing of the Assessment District 93-1 (Summit Station)

BACKGROUND

At the regular Board Meeting held on March 21, 2001, Nicki Tallman and Richard Brandis of IBIS Securities discussed with your Honorable Board the possibility of refinancing the existing Assessment District 93-1 (Summit Station). Your Honorable Board showed interest in refinancing the debt and directed the consultant to return in May with a proposal with the possibility of reducing the interest rate. Attached is a portion of the draft reassessment engineer's report for Assessment District 93-1 R. The assessment engineering report consists of approximately 320 pages of which examples of each section are attached for the Board's review. Highlights from the report are as follows:

1. Part 1 shows outstanding bond principal of \$1,070,000
2. Part 2 shows a balance to reassessment amount of \$981,000 which reflects the last number run received from IBIS Securities.
3. Part 3 includes two sample pages of the Original Auditor's Record (Assessment #1 and the totals from the original report). The totals show an original assessment amount of \$1,070,000; a total principal amount of \$1,040,000 prior to the FY 2001/02 special tax levy and a prepaid principal amount of \$9,274.18 which represents the payoff of Assessment #126 which has been incorporated in the available contributions to the refunding. Because of the prepayment, the principal and interest shown for each year is slightly less than the actual debt service due--i.e., until bonds are called in an amount equal to the prepaid assessment, the NCS D has a portion of those funds on hand to pay a pro rata amount of the debt service due.
4. Part 4 shows the outstanding and proposed reassessments for each property.
5. Part 5 shows the corresponding auditor's records included in Part 3 under the proposed reassessment with the reassessments totaling \$981,000. It should be noted that the auditor's records do not exactly equal debt service because the consultant round each property's principal and interest payment to the nearest penny each year the summary page reflects the total resulting from each of these "rounded" calculations. Also, the proposed auditor's record will include one additional assessment than the original auditor's record. This is due to the fact that the original assessment #95 was assigned to the wrong parcel. The consultant has now created assessment #95A and #95B to correct this error (the incorrect parcel shows an assessment of \$0).
6. Part 6 is a reduced copy of the reassessment diagram

At the Board Meeting the consultants will present the current interest rate with respect to refinancing Assessment District 93-1.

RECOMMENDATION

It would be staff's recommendation, if the interest rate is appropriate and there are savings for the residents of Summit Station, that the Board may wish to proceed as outlined in the consultant's order of procedure (attached after the engineer's report) which requires three Resolutions to be adopted.

S DFA

ENGINEER'S REPORT
ASSESSMENT DISTRICT NO. 93-1R
(REFUNDING)
NIPOMO COMMUNITY SERVICES DISTRICT

Doug Jones
General Manager

Lisa Bognuda
Assistant Administrator

Board Members

Robert Blair – President
Albert Simon – Vice President
Michael Winn
Richard Mobraaten
Judy Wirsing

Professional Services

Robert E. Hessel – Bond Counsel
Special District Financing & Administration – Reassessment Engineer
IBIS Securities – Placement Agent
Underwriter's Counsel –
U.S. Bank - Paying Agent

DRAFT

May 5, 2001

SPECIAL DISTRICT FINANCING & ADMINISTRATION

333 South Juniper Street, Suite 208
Escondido CA 92025
760-233-2630 Fax 233-2631

ENGINEER'S REPORT
ASSESSMENT DISTRICT NO. 1-1993R
(REFUNDING)
NIPOMO COMMUNITY SERVICES DISTRICT

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REFUNDING AND REASSESSMENT ENGINEER'S "REPORT"
PURSUANT TO THE PROVISIONS OF THE REFUNDING ACT OF 1984
FOR 1915 IMPROVEMENT ACT BONDS

The Board of Directors of the Nipomo Community Services District, did previously undertake proceedings and confirm assessments in the special assessment district pursuant to the terms and provisions of the "Municipal Improvement Act of 1913", being Division 12 of the Streets and Highways Code of the State of California, said special assessment district known and designated as ASSESSMENT DISTRICT NO. 93-1R (hereinafter referred to as the "Assessment District"); and,

Improvement bonds representing the unpaid assessments within said Assessment District were issued and sold in the manner provided in the "Improvement Bond Act of 1915", being Division 10 of the Streets and Highways Code of the State of California; and

The legislative body is now desirous of initiating proceedings to refund all outstanding improvement bonds pursuant to the "Refunding Act of 1984 for 1915 Improvement Act Bonds", being Division 11.5 of the Streets and Highways Code of the State of California, said refunding bonds and district to be designated as ASSESSMENT DISTRICT NO. 93-1R (refunding) (hereinafter referred to as the "Refunding District").

Pursuant to the provisions of Section 9523 of the Streets and Highways Code of the State of California ("Refunding Act of 1984 for Improvement Act Bonds"), being Division 11.5 of the Streets and Highways Code, and in accordance with a resolution of the legislative body, the undersigned authorized and appointed ENGINEER OF WORK, does herewith submit the following report for the refunding district generally consisting of the following documentation and parts:

PART I

A schedule setting forth all unpaid principal and interest on the outstanding bonds on the original Assessment District to be refunded.

PART II

A cost estimate of the proposed reassessment, including all expenses for issuing refunding bonds, including the total estimated principal amount of the reassessment and refunding bonds.

PART III

A copy of the original Auditor's Report for the original Assessment District, showing the schedule of all principal installments and interest on unpaid original assessments, including the total amounts thereof.

PART IV

The estimated amount of each individual reassessment identified by its corresponding reassessment number on the reassessment diagram.

PART V

A copy of the new proposed Auditor's Report for the Refunding District, showing the schedule of all principal installments and interest on unpaid refunding reassessments, including the total amounts thereof.

PART VI

A reassessment diagram showing the Refunding District and the boundaries and dimensions of the subdivisions of land within the District. Each subdivision, including any separate condominium interest, shall be given a separate number upon the diagram. Each subdivision of land shall be by reference to its Assessor's parcel number as shown on the Assessor's maps of the County, and for any further complete description of the property, reference is made to the deeds and maps as on file in the Office of the County Recorder.

Serial refunding bonds to represent unpaid reassessments shall be issued, and the interest rate on said refunding bonds shall not exceed the current legal maximum rate of 12% per annum. Said refunding bonds shall be issued hereunder in the manner and form as provided by the "Refunding Act of 1984 for 1915 Improvement Act Bonds", being Chapter 3 of Division 11.5 of the Streets and Highways Code of the State of California. The last installment of said refunding bonds shall mature a term of years not to exceed 18 years from the 2nd day of September next succeeding twelve months from their date.

The last installment of the original bonds issued for the original Assessment District was to mature on the 2nd day of September, 2019, and the last installment of said refunding bonds shall mature on the 2nd day of September, 2019.

Based upon this Report of the Engineer as submitted herewith and as Engineer of Work, I do hereby certify under penalty of perjury the following:

- A. That each estimated annual installment of principal and interest on the reassessment is less than the corresponding annual installment of principal and interest on the original assessment.
- B. That the number of years to maturity of the refunding bonds is no more than the number of years to the last maturity of the bonds being refunded.
- C. That the amounts of any reassessments were computed by reducing each original assessment by the same percentage.

DATED: _____, 2001.

Special District Financing & Administration

By: _____
Reassessment Engineer

PRELIMINARY APPROVAL BY THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT, CALIFORNIA, ON THE _____ DAY OF _____, 2001.

General Manager
Nipomo Community Services District
State of California

I, Doug Jones as General Manager of the Nipomo Community Services District, CALIFORNIA, do hereby certify that the foregoing Report of the Engineer, together with the reassessment and reassessment diagram was filed in my office on the _____ day of _____, 2001.

General Manager
Nipomo Community Services District
State of California

I, Doug Jones as General Manager of the Nipomo Community Services District, CALIFORNIA, do hereby certify that the reassessments in the amounts as set forth in the reassessment as submitted herein were approved and confirmed by the legislative body on the _____ day of _____, 2001.

General Manager
Nipomo Community Services District
State of California

I, Doug Jones as General Manager of the Nipomo Community Services District, CALIFORNIA, do hereby certify that the foregoing reassessment, together with the diagram attached thereto, was recorded in my office on the _____ day of _____, 2001.

Superintendent of Streets
Nipomo Community Services District
State of California

I, Doug Jones as General Manager of the Nipomo Community Services District, CALIFORNIA, do hereby certify that the reassessment diagram was recorded in the Office of the County Recorder on the _____ day of _____, 2001.

General Manager
Nipomo Community Services District
State of California

I, Doug Jones as General Manager of the Nipomo Community Services District, CALIFORNIA, do hereby certify that the Notice of Reassessment was recorded in the Office of the County Recorder on the _____ day of _____, 2001.

General Manager
Nipomo Community Services District
State of California

REFUNDING AND REASSESSMENT ENGINEER'S "REPORT"

PART I

(A schedule setting forth all unpaid principal and interest on the outstanding bonds on the original Assessment District to be refunded)

Year Ending Sept. 2 nd	Principal Maturing	Interest Rate	Interest Due	Annual Debt Service
2001	\$30,000.00	5.800%	\$34,315.00	\$64,315.00
2002	30,000.00	5.900%	66,890.00	96,890.00
2003	35,000.00	6.000%	65,120.00	100,120.00
2004	35,000.00	6.000%	63,020.00	98,020.00
2005	40,000.00	6.000%	60,920.00	100,920.00
2006	40,000.00	6.100%	58,520.00	98,520.00
2007	45,000.00	6.200%	56,080.00	101,080.00
2008	45,000.00	6.300%	53,290.00	98,290.00
2009	50,000.00	6.400%	50,455.00	100,455.00
2010	55,000.00	6.400%	47,255.00	102,255.00
2011	55,000.00	6.500%	43,735.00	98,735.00
2012	60,000.00	6.500%	40,160.00	100,160.00
2013	65,000.00	6.500%	36,260.00	101,260.00
2014	70,000.00	6.500%	32,035.00	102,035.00
2015	75,000.00	6.600%	27,485.00	102,485.00
2016	75,000.00	6.600%	22,535.00	97,535.00
2017	80,000.00	6.600%	17,585.00	97,585.00
2018	90,000.00	6.600%	12,305.00	102,305.00
2019	95,000.00	6.700%	6,365.00	101,365.00
Total	\$1,070,000.00		\$794,330.00	\$1,864,330.00

REFUNDING AND REASSESSMENT ENGINEER'S "REPORT"

PART II

COST ESTIMATE

Unpaid Principal Amount of Bonds	\$1,070,000	
Bond Call Premium	15,600	
Reserve Fund	24,525	
Interest to be Paid on Bonds - Due Sept. 2, 2001	<u>34,315</u>	
Subtotal		\$1,144,440
Incidental Expenses:		
Escrow Agent/Verification Fees	\$1,000	
Legal Expenses	10,000	
Engineer of Work	2,500	
Notice (publication, recordation, mailing, etc)	1,000	
Incidental Contingency & Other COI	<u>3,641</u>	
Subtotal		18,141
Total Reassessment Refunding Costs		\$1,162,581
Contributions:		
Anticipated Investment Earnings On Escrowed Funds	\$10,768	
Transfer from Reserve Fund	85,065	
Transfer from Redemption Fund	83,643	
Accrued Interest on Fund Balances	<u>2,105</u>	
Subtotal		181,581
Balance to Reassessment		\$981,000

REFUNDING AND REASSESSMENT ENGINEER'S "REPORT"

PART III

(Auditor's Report from Original Assessment District)

The Auditor's Report for the Original Assessment District is bound under separate cover and is incorporated herein by reference.

NIPOMO COMMUNITY SERVICES DISTRICT
Assessment District No. 93-1R
Auditor's Record (Proposed Refunding)

Assessment Number: 1-R
 Assessor's Parcel(s): 091073021

Original Assessment: \$7,866.95
 Outstanding Assessment: \$7,866.95

Tax Year	Outstanding Principal (Prior to Levy)	Principal Due	Interest Due	Total Debt Service	Per Parcel Admin Fee	Additional Admin Charges	Other Debits/(Credits)	Annual Assessment Levy
2001/02	\$7,866.95	\$144.35	\$547.02	\$691.37	\$0.00	\$0.00		\$691.37
2002/03	\$7,722.60	\$288.70	\$432.47	\$721.17				\$721.17
2003/04	\$7,433.90	\$280.68	\$416.30	\$696.98				\$696.98
2004/05	\$7,153.22	\$320.77	\$400.58	\$721.35				\$721.35
2005/06	\$6,832.45	\$320.77	\$382.62	\$703.39				\$703.39
2006/07	\$6,511.68	\$360.87	\$364.65	\$725.52				\$725.52
2007/08	\$6,150.81	\$360.87	\$344.45	\$705.32				\$705.32
2008/09	\$5,789.94	\$392.95	\$324.24	\$717.19				\$717.19
2009/10	\$5,396.99	\$433.04	\$302.23	\$735.27				\$735.27
2010/11	\$4,963.95	\$425.02	\$277.98	\$703.00				\$703.00
2011/12	\$4,538.93	\$465.12	\$254.18	\$719.30				\$719.30
2012/13	\$4,073.81	\$497.20	\$228.13	\$725.33				\$725.33
2013/14	\$3,576.61	\$529.27	\$200.29	\$729.56				\$729.56
2014/15	\$3,047.34	\$561.35	\$170.65	\$732.00				\$732.00
2015/16	\$2,485.99	\$553.33	\$139.22	\$692.55				\$692.55
2016/17	\$1,932.66	\$585.41	\$108.23	\$693.64				\$693.64
2017/18	\$1,347.25	\$657.58	\$75.45	\$733.03				\$733.03
2018/19	\$689.67	\$689.67	\$38.62	\$728.29				\$728.29
Total:	\$0.00	\$7,866.95	\$5,007.31	\$12,874.26	\$0.00	\$0.00		\$12,874.26

NIPOMO COMMUNITY SERVICES DISTRICT
Assessment District No. 93-1R
Auditor's Record

Total Assessments:	155		Aggregate Assessment:	\$1,070,000.00
Total Parcels:	155		Total O/S Assessments:	\$1,030,726.12

Tax Year	Outstanding Principal (Prior to Levy)	Principal Due	Interest Due	Total Debt Service	Per Parcel Admin Fee	Additional Admin Charges	Other Debits/ (Credits)	Annual Assessment Levy
2001/02	\$1,030,726.12	\$29,732.18	\$66,293.49	\$96,025.67	\$0.00	\$0.00		\$96,025.67
2002/03	\$1,000,993.94	\$34,687.80	\$64,539.49	\$99,227.29				\$99,227.29
2003/04	\$966,306.14	\$34,687.80	\$62,458.02	\$97,145.82				\$97,145.82
2004/05	\$931,618.34	\$39,643.36	\$60,376.55	\$100,019.91				\$100,019.91
2005/06	\$891,974.98	\$39,643.36	\$57,998.13	\$97,641.49				\$97,641.49
2006/07	\$852,331.62	\$44,598.92	\$55,579.79	\$100,178.71				\$100,178.71
2007/08	\$807,732.70	\$44,598.92	\$52,814.62	\$97,413.54				\$97,413.54
2008/09	\$763,133.78	\$49,553.88	\$50,004.94	\$99,558.82				\$99,558.82
2009/10	\$713,579.90	\$54,509.47	\$46,833.87	\$101,343.34				\$101,343.34
2010/11	\$659,070.43	\$54,509.47	\$43,345.29	\$97,854.76				\$97,854.76
2011/12	\$604,560.96	\$59,465.03	\$39,802.19	\$99,267.22				\$99,267.22
2012/13	\$545,095.93	\$64,420.57	\$35,936.82	\$100,357.39				\$100,357.39
2013/14	\$480,675.36	\$69,375.54	\$31,749.20	\$101,124.74				\$101,124.74
2014/15	\$411,299.82	\$74,331.14	\$27,240.18	\$101,571.32				\$101,571.32
2015/16	\$336,968.68	\$74,331.14	\$22,334.34	\$96,665.48				\$96,665.48
2016/17	\$262,637.54	\$79,286.68	\$17,427.91	\$96,714.59				\$96,714.59
2017/18	\$183,350.86	\$89,197.21	\$12,195.26	\$101,392.47				\$101,392.47
2018/19	\$94,153.65	\$94,153.65	\$6,308.22	\$100,461.87				\$100,461.87
Total:	\$0.00	\$1,030,726.12	\$753,238.31	\$1,783,964.43	\$0.00	\$0.00		\$1,783,964.43

Prepaid Principal Amount:	\$9,274.18
Total Original Assessments:	\$1,040,000.30

REFUNDING AND REASSESSMENT ENGINEER'S "REPORT"

PART IV

REASSESSMENT ROLL

By virtue of the authority of the "Refunding Act of 1984 for 1915 Improvement Act Bonds", being Division 11.5 of the Streets and Highways Code of the State of California, I, the undersigned ENGINEER OF WORK, hereby makes the following reassessment to cover the costs and expenses of the proposed reassessment and refunding for said Refunding District based upon the total costs as follows:

PRINCIPAL AMOUNT OF REFUNDING BONDS:	\$981,000
INCIDENTAL EXPENSES	\$18,141
ESCROW REQUIREMENTS EXCLUDING BOND PROCEEDS:	\$163,440
NET CONTRIBUTION:	(181,581)
BALANCE TO REASSESSMENT:	\$981,000

The undersigned ENGINEER OF WORK, by virtue of authorization of the legislative body, hereby makes the following reassessment identified by a reassessment number corresponding to a reassessment number on the reassessment diagram for all unpaid assessments of the original Assessment District:

<u>Original Assessment Number</u>	<u>Reassessment Number</u>	<u>Assessor's Parcel No.</u>	<u>Outstanding Original Assessment</u>	<u>Reassessment Amount</u>
1	1-R	091,073,021	\$8,265.72	\$7,866.95
2	2-R	091,073,022	\$9,274.18	\$8,826.76
3	3-R	091,073,020	\$8,612.37	\$8,196.88
4	4-R	091,011,055	\$7,550.61	\$7,186.35
5	5-R	091,011,071	\$9,053.59	\$8,616.81
6	6-R	091,011,069	\$9,274.18	\$8,826.76
7	7-R	091,011,068	\$9,274.18	\$8,826.76
8	8-R	091,011,070	\$9,274.18	\$8,826.76
9	9-R	091,053,022	\$7,978.92	\$7,593.99
10	10-R	091,053,026	\$7,978.91	\$7,593.98
11	11-R	091,053,027	\$6,251.90	\$5,950.28

<u>Original Assessment Number</u>	<u>Reassessment Number</u>	<u>Assessor's Parcel No.</u>	<u>Outstanding Original Assessment</u>	<u>Reassessment Amount</u>
12	12-R	091,053,030	\$8,013.59	\$7,626.99
13	13-R	091,053,029	\$7,424.26	\$7,066.09
14	14-R	091,053,028	\$9,274.18	\$8,826.76
15	15-R	091,053,031	\$8,927.53	\$8,496.84
16	16-R	091,053,032	\$8,927.53	\$8,496.84
17	17-R	091,053,033	\$8,990.55	\$8,556.81
18	18-R	091,054,001	\$0.00	\$0.00
19	19-R	091,054,004	\$9,274.18	\$8,826.76
20	20-R	091,054,013	\$9,274.18	\$8,826.76
21	21-R	091,054,014	\$9,274.18	\$8,826.76
22	22-R	091,054,002	\$0.00	\$0.00
23	23-R	091,054,003	\$9,274.18	\$8,826.76
24	24-R	091,054,018	\$0.00	\$0.00
25	25-R	091,054,019	\$0.00	\$0.00
26	26-R	091,054,007	\$9,274.18	\$8,826.76
27	27-R	091,054,015	\$0.00	\$0.00
28A	28A-R	091,054,026	\$9,274.18	\$8,826.76
29	29-R	091,054,017	\$7,978.92	\$7,593.99
30	30-R	091,054,005	\$9,274.18	\$8,826.76
31	31-R	091,054,006	\$9,274.18	\$8,826.76
32	32-R	091,054,008	\$9,274.18	\$8,826.76
33	33-R	091,054,010	\$9,274.18	\$8,826.76
34	34-R	091,054,012	\$7,663.76	\$7,294.03
35	35-R	091,054,009	\$9,274.18	\$8,826.76
36	36-R	091,054,011	\$9,274.18	\$8,826.76
37	37-R	091,054,020	\$8,643.89	\$8,226.88
38	38-R	091,054,021	\$9,274.18	\$8,826.76
39	39-R	091,054,022	\$9,274.18	\$8,826.76
40	40-R	091,054,023	\$9,274.18	\$8,826.76
41	41-R	091,054,024	\$9,274.18	\$8,826.76
42	42-R	091,054,025	\$7,978.92	\$7,593.99
43	43-R	091,073,018	\$8,927.53	\$8,496.84
44	44-R	091,073,016	\$9,274.18	\$8,826.76
45	45-R	091,073,017	\$9,274.18	\$8,826.76
46	46-R	091,073,019	\$8,580.86	\$8,166.88
47	47-R	091,073,015	\$8,959.05	\$8,526.83
48A	48A-R	091,073,013	\$0.00	\$0.00
48B	48B-R	091,073,014	\$0.00	\$0.00
49	49-R	091,073,038	\$7,978.92	\$7,593.99
50	50-R	091,073,037	\$9,274.18	\$8,826.76
51	51-R	091,073,039	\$0.00	\$0.00
52	52-R	091,073,040	\$0.00	\$0.00
53	53-R	091,073,041	\$7,978.92	\$7,593.99
54	54-R	091,073,043	\$3,760.04	\$3,578.64
55	55-R	091,073,042	\$9,274.18	\$8,826.76
56	56-R	091,073,044	\$9,274.18	\$8,826.76

<u>Original Assessment Number</u>	<u>Reassessment Number</u>	<u>Assessor's Parcel No.</u>	<u>Outstanding Original Assessment</u>	<u>Reassessment Amount</u>
57	57-R	091,121,007	\$0.00	\$0.00
58	58-R	091,121,006	\$0.00	\$0.00
59	59-R	091,121,015	\$9,274.18	\$8,826.76
60	60-R	091,121,048	\$8,990.55	\$8,556.81
61	61-R	091,121,075	\$9,274.18	\$8,826.76
62	62-R	091,121,049	\$0.00	\$0.00
63	63-R	091,121,028	\$9,274.18	\$8,826.76
64	64-R	091,121,017	\$0.00	\$0.00
65	65-R	091,121,072	\$9,274.18	\$8,826.76
66	66-R	091,121,046	\$9,274.18	\$8,826.76
67	67-R	091,121,047	\$0.00	\$0.00
68	68-R	091,121,014	\$9,274.18	\$8,826.76
69	69-R	091,121,073	\$7,978.92	\$7,593.99
70	70-R	091,121,042	\$9,148.11	\$8,706.78
71	71-R	091,121,045	\$7,380.13	\$7,024.09
72	72-R	091,121,044	\$8,738.44	\$8,316.87
73	73-R	091,121,016	\$8,171.15	\$7,776.95
74	74-R	091,121,074	\$0.00	\$0.00
75	75-R	091,121,059	\$9,274.18	\$8,826.76
76	76-R	091,121,011	\$9,274.18	\$8,826.76
77	77-R	091,121,032	\$0.00	\$0.00
78	78-R	091,121,070	\$7,978.92	\$7,593.99
79	79-R	091,121,071	\$0.00	\$0.00
80	80-R	091,121,036	\$0.00	\$0.00
81	81-R	091,121,035	\$0.00	\$0.00
82	82-R	091,121,021	\$0.00	\$0.00
83	83-R	091,121,023	\$9,274.18	\$8,826.76
84	84-R	091,121,025	\$9,274.18	\$8,826.76
85	85-R	091,121,026	\$9,274.18	\$8,826.76
86	86-R	091,131,001	\$9,053.59	\$8,616.81
87	87-R	091,131,004	\$0.00	\$0.00
88	88-R	091,131,005	\$9,274.18	\$8,826.76
89	89-R	091,131,027	\$9,274.18	\$8,826.76
90	90-R	091,131,019	\$0.00	\$0.00
91	91-R	091,131,040	\$9,274.18	\$8,826.76
92	92-R	091,131,039	\$9,274.18	\$8,826.76
93	93-R	091,131,043	\$9,274.18	\$8,826.76
94	94-R	091,131,046	\$9,274.18	\$8,826.76
95A	95A-R	091,131,059	\$9,274.18	\$8,826.76
95B	95B-R	091,131,058	\$0.00	\$0.00
96	96-R	091,131,031	\$9,274.18	\$8,826.76
97	97-R	091,131,044	\$9,274.18	\$8,826.76
98	98-R	091,131,045	\$9,274.18	\$8,826.76
99	99-R	091,131,057	\$0.00	\$0.00
100	100-R	091,131,008	\$9,274.18	\$8,826.76
101	101-R	091,131,051	\$9,274.18	\$8,826.76

<u>Original Assessment Number</u>	<u>Reassessment Number</u>	<u>Assessor's Parcel No.</u>	<u>Outstanding Original Assessment</u>	<u>Reassessment Amount</u>
102	102-R	091,131,017	\$9,274.18	\$8,826.76
103	103-R	091,131,053	\$9,274.18	\$8,826.76
104	104-R	091,131,014	\$0.00	\$0.00
105	105-R	091,131,033	\$0.00	\$0.00
106	106-R	091,131,036	\$4,074.21	\$3,877.66
107	107-R	091,131,052	\$9,274.18	\$8,826.76
108	108-R	091,131,035	\$9,274.18	\$8,826.76
109A	109A-R	091,131,060	\$0.00	\$0.00
109B	109B-R	091,131,061	\$0.00	\$0.00
110A	110A-R	091,091,055	\$9,274.18	\$8,826.76
110B	110B-R	091,091,056	\$0.00	\$0.00
111	111-R	091,091,020	\$9,274.18	\$8,826.76
112	112-R	091,081,051	\$8,643.89	\$8,226.88
113	113-R	091,081,052	\$0.00	\$0.00
114	114-R	091,081,043	\$9,274.18	\$8,826.76
115	115-R	091,081,044	\$9,116.62	\$8,676.68
116	116-R	091,081,054	\$9,274.18	\$8,826.76
117	117-R	091,081,023	\$9,274.18	\$8,826.76
118	118-R	091,081,040	\$8,990.55	\$8,556.81
119	119-R	091,081,037	\$0.00	\$0.00
120	120-R	091,081,039	\$8,643.89	\$8,226.88
121	121-R	091,081,038	\$7,978.92	\$7,593.99
122	122-R	091,081,034	\$7,571.10	\$7,205.85
123	123-R	091,081,035	\$9,274.18	\$8,826.76
124	124-R	091,081,010	\$7,789.82	\$7,414.02
125	125-R	091,081,011	\$9,274.18	\$8,826.76
126	126-R	091,081,006	\$0.00	\$0.00
127	127-R	091,091,032	\$7,159.53	\$6,814.12
128	128-R	091,091,049	\$7,978.92	\$7,593.99
129	129-R	091,091,050	\$0.00	\$0.00
130	130-R	091,091,048	\$6,970.45	\$6,634.17
131	131-R	091,091,047	\$8,832.96	\$8,406.83
132	132-R	091,091,046	\$7,477.82	\$7,117.07
133	133-R	091,081,012	\$9,274.18	\$8,826.76
134	134-R	091,081,013	\$9,116.62	\$8,676.68
135	135-R	091,081,061	\$0.00	\$0.00
136	136-R	091,081,063	\$9,274.18	\$8,826.76
137	137-R	091,081,058	\$0.00	\$0.00
138	138-R	091,081,057	\$9,274.18	\$8,826.76
139	139-R	091,081,060	\$9,274.18	\$8,826.76
140	140-R	091,081,055	\$0.00	\$0.00
141	141-R	091,081,030	\$7,033.47	\$6,694.15
142	142-R	091,081,021	\$8,549.33	\$8,136.88
143	143-R	091,081,031	\$7,978.92	\$7,593.99
144	144-R	091,081,032	\$7,978.92	\$7,593.99
145	145-R	091,081,033	\$9,274.18	\$8,826.76

<u>Original Assessment Number</u>	<u>Reassessment Number</u>	<u>Assessor's Parcel No.</u>	<u>Outstanding Original Assessment</u>	<u>Reassessment Amount</u>
146	146-R	091,081,020	\$8,769.95	\$8,346.86
147	147-R	091,081,019	\$7,351.78	\$6,997.10
148	148-R	091,081,002	\$7,978.92	\$7,593.99
149	149-R	091,081,014	\$9,168.33	\$8,726.02
150	150-R	091,091,039	\$0.00	\$0.00
151	151-R	091,091,040	\$8,883.40	\$8,454.83
152	152-R	091,081,008	<u>\$0.00</u>	<u>\$0.00</u>
Total Reassessments:			\$1,030,726.12	\$981,000.00

REFUNDING AND REASSESSMENT ENGINEER'S "REPORT"

PART V

(Copy of new proposed Auditor's Report for the Refunding District)

The Auditor's Report for the Refunding District is bound under separate cover and is incorporated herein by reference.

NIPOMO COMMUNITY SERVICES DISTRICT
Assessment District No. 93-1R
Auditor's Record

Assessment Number: 1-R
 Assessor's Parcel(s): 091073021

Original Assessment: \$8,504.15
 Outstanding Assessment: \$8,265.72

Tax Year	Outstanding Principal (Prior to Levy)	Principal Due	Interest Due	Total Debt Service	Per Parcel Admin Fee	Additional Admin Charges	Other Debits/ (Credits)	Annual Assessment Levy
2001/02	\$8,265.72	\$238.43	\$531.63	\$770.06	\$0.00	\$0.00		\$770.06
2002/03	\$8,027.29	\$278.17	\$517.56	\$795.73				\$795.73
2003/04	\$7,749.12	\$278.17	\$500.87	\$779.04				\$779.04
2004/05	\$7,470.95	\$317.91	\$484.18	\$802.09				\$802.09
2005/06	\$7,153.04	\$317.91	\$465.11	\$783.02				\$783.02
2006/07	\$6,835.13	\$357.65	\$445.71	\$803.36				\$803.36
2007/08	\$6,477.48	\$357.65	\$423.54	\$781.19				\$781.19
2008/09	\$6,119.83	\$397.39	\$401.01	\$798.40				\$798.40
2009/10	\$5,722.44	\$437.13	\$375.57	\$812.70				\$812.70
2010/11	\$5,285.31	\$437.13	\$347.60	\$784.73				\$784.73
2011/12	\$4,848.18	\$476.87	\$319.18	\$796.05				\$796.05
2012/13	\$4,371.31	\$516.61	\$288.19	\$804.80				\$804.80
2013/14	\$3,854.70	\$556.35	\$254.61	\$810.96				\$810.96
2014/15	\$3,298.35	\$596.09	\$218.45	\$814.54				\$814.54
2015/16	\$2,702.26	\$596.09	\$179.10	\$775.19				\$775.19
2016/17	\$2,106.17	\$635.82	\$139.76	\$775.58				\$775.58
2017/18	\$1,470.35	\$715.30	\$97.80	\$813.10				\$813.10
2018/19	\$755.05	\$755.05	\$50.59	\$805.64				\$805.64
Total:	\$0.00	\$8,265.72	\$6,040.46	\$14,306.18	\$0.00	\$0.00		\$14,306.18

NIPOMO COMMUNITY SERVICES DISTRICT
Assessment District No. 93-1R
Auditor's Record (Proposed Refunding)

Total Assessments:	156	Aggregate Assessment:	\$981,000.00
Total Parcels:	156	Total O/S Assessments:	\$981,000.00

Tax Year	Outstanding Principal (Prior to Levy)	Principal Due	Interest Due	Total Debt Service	Per Parcel Admin Fee	Additional Admin Charges	Other Debits/ (Credits)	Annual Assessment Levy
2001/02	\$981,000.00	\$18,000.12	\$68,211.97	\$86,212.09	\$0.00	\$0.00		\$86,212.09
2002/03	\$962,999.88	\$36,000.14	\$53,928.04	\$89,928.18				\$89,928.18
2003/04	\$926,999.74	\$35,000.06	\$51,912.00	\$86,912.06				\$86,912.06
2004/05	\$891,999.68	\$40,000.07	\$49,951.71	\$89,951.78				\$89,951.78
2005/06	\$851,999.61	\$40,000.07	\$47,712.03	\$87,712.10				\$87,712.10
2006/07	\$811,999.54	\$45,000.17	\$45,471.69	\$90,471.86				\$90,471.86
2007/08	\$766,999.37	\$45,000.17	\$42,951.94	\$87,952.11				\$87,952.11
2008/09	\$721,999.20	\$49,000.09	\$40,432.33	\$89,432.42				\$89,432.42
2009/10	\$672,999.11	\$54,000.28	\$37,688.30	\$91,688.58				\$91,688.58
2010/11	\$618,998.83	\$53,000.08	\$34,664.26	\$87,664.34				\$87,664.34
2011/12	\$565,998.75	\$58,000.08	\$31,695.89	\$89,695.97				\$89,695.97
2012/13	\$507,998.67	\$62,000.16	\$28,448.20	\$90,448.36				\$90,448.36
2013/14	\$445,998.51	\$66,000.00	\$24,976.16	\$90,976.16				\$90,976.16
2014/15	\$379,998.51	\$69,999.96	\$21,279.93	\$91,279.89				\$91,279.89
2015/16	\$309,998.55	\$68,999.83	\$17,359.89	\$86,359.72				\$86,359.72
2016/17	\$240,998.72	\$72,999.81	\$13,495.73	\$86,495.54				\$86,495.54
2017/18	\$167,998.91	\$81,999.82	\$9,407.98	\$91,407.80				\$91,407.80
2018/19	\$85,999.09	\$85,999.09	\$4,815.80	\$90,814.89				\$90,814.89
Total:	\$0.00	\$981,000.00	\$624,403.85	\$1,605,403.85	\$0.00	\$0.00		\$1,605,403.85

Prepaid Principal Amount:	\$0.00
Total Original Assessments:	\$981,000.00

REFUNDING AND REASSESSMENT ENGINEERS "REPORT"
PART VI
(Reassessment diagram)

**REASSESSMENT DIAGRAM
ASSESSMENT DISTRICT NO. 93-1R
(SUMMIT STATION)
NIPOMO COMMUNITY SERVICES DISTRICT
COUNTY OF SAN LUIS OBISPO
STATE OF CALIFORNIA**

A REASSESSMENT WAS LEVIED BY THE BOARD OF DIRECTORS ON THE PARCELS OF LAND SHOWN ON THIS REASSESSMENT DIAGRAM. SAID REASSESSMENT WAS LEVIED ON THE _____ DAY OF _____ 2001. SAID REASSESSMENT DIAGRAM AND REASSESSMENT ROLL WERE RECORDED IN THE OFFICE OF THE NIPOMO COMMUNITY SERVICES DISTRICT ON THE _____ DAY OF _____ 2001. REFERENCE IS MADE TO THE REASSESSMENT ROLL RECORDED IN THE OFFICE OF THE NIPOMO COMMUNITY SERVICES DISTRICT FOR THE EXACT AMOUNT OF EACH REASSESSMENT LEVIED AGAINST EACH PARCEL OF LAND SHOWN ON THIS REASSESSMENT DIAGRAM.

DOUG JONES - GENERAL MANAGER,
NIPOMO COMMUNITY SERVICES DISTRICT

FILED IN THE OFFICE OF THE GENERAL MANAGER OF THE NIPOMO COMMUNITY SERVICES DISTRICT.

DOUG JONES - GENERAL MANAGER,
NIPOMO COMMUNITY SERVICES DISTRICT

FILE NO. _____

FILED THIS _____ DAY OF _____ 2001, AT THE HOUR OF _____ O'CLOCK _____ M. IN ROOM _____ AND PAGE _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS IN THE OFFICE OF THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA.

COUNTY RECORDER
COUNTY OF SAN LUIS OBISPO
STATE OF CALIFORNIA

NOTE: FOR PARTICULARS OF LINES AND DIMENSIONS OF ASSESSOR'S PARCELS, REFERENCE IS MADE TO THE SAN LUIS OBISPO, STATE OF CALIFORNIA.

REASSESSMENT TABLE

REASMT NO.	ASSESSOR'S PARCEL NO.
1-R	091-073-021
2-R	091-073-022
3-R	091-073-020
4-R	091-011-055
5-R	091-011-071
6-R	091-011-069
7-R	091-011-068
8-R	091-011-070
9-R	091-053-022
10-R	091-053-026
11-R	091-053-027
12-R	091-053-030
13-R	091-053-029
14-R	091-053-028
15-R	091-053-031
16-R	091-053-032
17-R	091-053-033
18-R	091-054-001
19-R	091-054-004
20-R	091-054-013
21-R	091-054-018
22-R	091-054-002
23-R	091-054-003
24-R	091-054-018
25-R	091-054-019
26-R	091-054-007
28-R	091-054-026
29-R	091-054-017
30-R	091-054-005
31-R	091-054-006
32-R	091-054-008
33-R	091-054-010
34-R	091-054-012
35-R	091-054-009
36-R	091-054-011
37-R	091-054-020
38-R	091-054-021
39-R	091-054-022

REASSESSMENT TABLE

REASMT NO.	ASSESSOR'S PARCEL NO.
40-R	091-054-023
41-R	091-054-024
42-R	091-054-025
43-R	091-073-018
44-R	091-073-016
45-R	091-073-017
46-R	091-073-019
47-R	091-073-015
48A-R	091-073-013
48B-R	091-073-014
49-R	091-073-030
50-R	091-073-037
51-R	091-073-040
52-R	091-073-041
53-R	091-073-043
54-R	091-073-042
55-R	091-073-040
56-R	091-073-044
57-R	091-121-007
58-R	091-121-008
59-R	091-121-010
60-R	091-121-046
61-R	091-121-075
62-R	091-121-049
63-R	091-121-028
64-R	091-121-017
65-R	091-121-072
66-R	091-121-046
67-R	091-121-047
68-R	091-121-014
69-R	091-121-073
70-R	091-121-042
71-R	091-121-049
72-R	091-121-044
73-R	091-121-016
74-R	091-121-074
75-R	091-121-039
76-R	091-121-011
77-R	091-121-032

REASSESSMENT TABLE

REASMT NO.	ASSESSOR'S PARCEL NO.
78-R	091-121-070
79-R	091-121-071
80-R	091-121-036
81-R	091-121-035
82-R	091-121-021
83-R	091-121-023
84-R	091-121-025
85-R	091-121-026
86-R	091-131-001
87-R	091-131-004
88-R	091-131-005
89-R	091-131-027
90-R	091-131-019
91-R	091-131-040
92-R	091-131-038
93-R	091-131-043
94-R	091-131-048
95A-R	091-131-050
95B-R	091-131-058
96-R	091-131-031
97-R	091-131-044
98-R	091-131-045
99-R	091-131-057
100-R	091-131-006
101-R	091-131-054
102-R	091-131-017
103-R	091-131-053
104-R	091-131-014
105-R	091-131-033
106-R	091-131-030
106A-R	091-131-000
106B-R	091-131-001
110A-R	091-091-055
110B-R	091-091-058
111-R	091-091-020
112-R	091-091-051
113-R	091-091-052

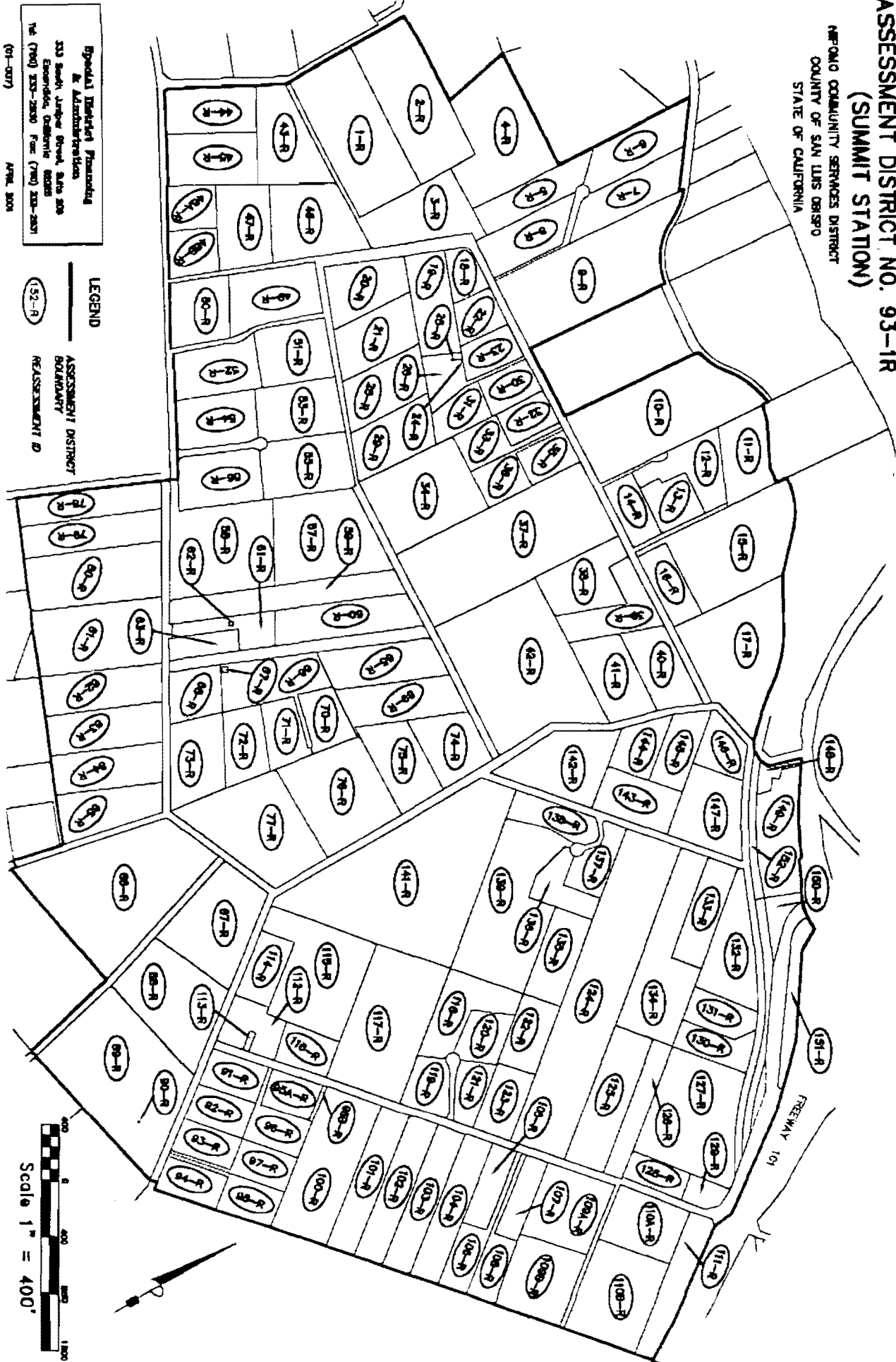
REASSESSMENT TABLE

REASMT NO.	ASSESSOR'S PARCEL NO.
114-R	091-091-043
115-R	091-091-044
116-R	091-091-054
117-R	091-091-023
118-R	091-091-040
119-R	091-091-037
120-R	091-091-039
121-R	091-091-038
122-R	091-091-034
123-R	091-091-035
124-R	091-091-010
125-R	091-091-011
126-R	091-091-008
127-R	091-091-032
128-R	091-091-040
129-R	091-091-000
130-R	091-091-048
131-R	091-091-047
132-R	091-091-048
133-R	091-091-012
134-R	091-091-013
135-R	091-091-081
136-R	091-091-083
137-R	091-091-056
138-R	091-091-057
139-R	091-091-060
140-R	091-091-055
141-R	091-091-030
142-R	091-091-021
143-R	091-091-031
144-R	091-091-032
145-R	091-091-033
146-R	091-091-022
147-R	091-091-019
148-R	091-091-002
149-R	091-091-014
150-R	091-091-039
151-R	091-091-040
152-R	091-091-009

**Special District Financing
& Administration**
333 South Anier Street, Suite 208
Easandale, California 95029
Tel (702) 233-2630 Fax (702) 233-2831

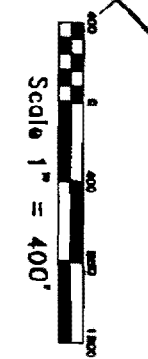
REASSESSMENT DIAGRAM
 ASSESSMENT DISTRICT NO. 93-1R
 (SUMMIT STATION)

AFRANO COMMUNITY SERVICES DISTRICT
 COUNTY OF SAN LUIS OBISPO
 STATE OF CALIFORNIA



Special District Personnel
 & Administrators
 333 South Jumbo Street, Suite 303
 Escondido, California 92025
 Tel: (760) 323-2800 Fax: (760) 323-2837
 (01-007) APRIL 2000

LEGEND
 ASSESSMENT DISTRICT
 BOUNDARY
 REASSESSMENT ID



ORDER OF PROCEDURE

NIPOMO COMMUNITY SERVICES DISTRICT
REASSESSMENT DISTRICT NO. 93-1R
(SUMMIT STATION)

DATE OF MEETING: MAY 16, 2001

STAFF: Presentation of the Reassessment Engineer's Report, consisting of the following:

- A. A schedule setting forth the unpaid principal and interest on the improvement bonds of the original Assessment District to be refunded and the total amounts thereof;
- B. A total estimated principal amount of the reassessment and of the refunding bonds and the maximum interest rate thereon, together with an estimate of costs of the reassessment and of issuing the refunding bonds, including all costs of issuing the refunding bonds;
- C. The Auditor's Record showing the schedule of the principal installments and interest on all unpaid original assessments and the total amounts thereof for each of the original Assessment District;
- D. The estimated amount of each reassessment, identified by reassessment number corresponding to the reassessment number on the reassessment diagram, together with a proposed Auditor's Record for the reassessment;
- E. A reassessment diagram showing the Reassessment District and the boundaries and dimensions of the subdivision of land within the Reassessment District.

IF THE LEGISLATIVE BODY WISHES TO PROCEED:

BOARD: Adopt RESOLUTION MAKING PRELIMINARY DETERMINATIONS AND DECLARING INTENTION TO ISSUE REFUNDING BONDS: Formal action declaring intention to reassess the properties within the original assessment district and to issue refunding bonds to present the reassessments, which bonds, if issued, will replace and supersede all outstanding unpaid bonds for the original assessment district. 2001-767

BOARD: Adopt RESOLUTION APPROVING REPORT OF THE ASSESSMENT ENGINEER AND CONFIRMING REASSESSMENTS: Formal action approving the Reassessment Engineer's Report and confirming the reassessments. 2001-768

BOARD: Adopt RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF A REFUNDING NOTE AND APPROVING FORM OF LOAN AGREEMENT: Formal action authorizing issuance of the refunding loan and note and authorizing the loan agreement and delegating to the General Manager the authority to execute the loan agreement with the lender. 2001-769

RESOLUTION NO. 2001-767

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
MAKING PRELIMINARY DETERMINATIONS, DECLARING INTENTION TO
ISSUE REFUNDING BONDS FOR PROPOSED REASSESSMENT DISTRICT
NO. 93-1R AND ORDERING A REPORT THEREON**

WHEREAS, the BOARD OF DIRECTORS the NIPOMO COMMUNITY SERVICES DISTRICT did previously undertake proceedings and confirmed assessments in Assessment District No. 93-1 (Summit Station) (the "Assessment District") pursuant to the terms and provisions of the "Municipal Improvement Act of 1913", being Division 12 of the Streets and Highways Code of the State of California;

WHEREAS, improvements bonds representing the unpaid assessments within the Assessment District (the "Improvement Bonds") were issued and sold in the manner provided in the "Improvement Bond Act of 1915," being Division 10 of the Streets and Highways Code of the State of California;

WHEREAS, at this time, as a result of favorable interest rates within the municipal bond market, this legislative body desires to initiate proceedings to reassess the parcels within the Assessment District and to refund all outstanding Improvement Bonds pursuant to the "Refunding Act of 1984 for 1915 Improvement Act Bonds," being Division 11.5 of the Streets and Highways Code of the State of California (the "Refunding Act"), said refunding bonds and district to be designated as Reassessment District No. 93-1R (Summit Station) (hereinafter referred to as the "Reassessment District");

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

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

Section 2. The public interest and necessity require, and it is the intention of this body, acting pursuant to the provisions of the Refunding Act, to refund all outstanding Improvement Bonds for the Assessment District, to issue refunding bonds as authorized by the Refunding Act, and to levy reassessments as security for such refunding bonds.

Section 3. The proposed reassessment and refunding of the Improvement Bonds is hereby referred to Special District Financing & Administration, as the duly appointed Reassessment Engineer, who are hereby directed to make and file an Reassessment Engineer's Report as required by the Refunding Act in writing generally containing the following:

- A. A schedule setting forth the unpaid principal and interest on the Improvement Bonds of the Assessment District to be refunded and the total amounts thereof;
- B. The total estimated principal amount of the reassessment and of the refunding bonds and the maximum interest rate thereon, together with an estimate of costs of the reassessment and of issuing the refunding bonds, including all costs of issuing the refunding bonds;

RESOLUTION NO. 2001-767
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RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
MAKING PRELIMINARY DETERMINATIONS, DECLARING INTENTION TO ISSUE REFUNDING BONDS
FOR PROPOSED REASSESSMENT DISTRICT NO. 93-1R AND ORDERING A REPORT THEREON

- C. The Auditor's Record showing the schedule of the principal installments and interest on all unpaid original assessments and the total amounts thereof;
- D. The estimated amount of each reassessment, identified by reassessment number corresponding to the reassessment number on the reassessment diagram, together with a proposed Auditor's Record for the reassessment; and
- E. A reassessment diagram showing the Reassessment District and the boundaries and dimensions of the subdivisions of land within the Reassessment District.

Section 4. Immediately upon the preparation of the Reassessment Engineer's Report as above ordered, such Report shall be filed with the Secretary and presented to this legislative body for further consideration as it relates to these proceedings to levy reassessments within the Reassessment District and to issue refunding bonds representing such unpaid reassessments.

Section 5. All outstanding Improvement Bonds and original assessments of the Assessment District shall continue and remain in full force and effect and be secured by the original assessments until superseded and replaced by the reassessments and the refunding bonds are validly and legally issued for the Reassessment District pursuant to all the terms and provisions of the Refunding Act.

Section 6. The General Manager of the Nipomo Community Services District is hereby appointed to perform all of the duties and functions of the Superintendent of Streets for the Reassessment District as said duties are specified and designated in the Act. The place for recordation of the assessment roll and diagram shall be in the office of the appointed Superintendent of Streets, and said assessment roll and diagram, upon recordation, shall be kept as a permanent record.

Section 7. This resolution shall become effective upon its adoption.

PASSED, APPROVED and ADOPTED by the Board of Directors of the Nipomo Community Services District, California, on this 16th day of May, 2001.

AYES:
NOES:
ABSENT:

Robert L. Blair, President
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

Donna K. Johnson
Secretary to the Board

Jon S. Seitz
District Legal Counsel

RESOLUTION NO. 2001-768

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
APPROVING THE REPORT OF THE REASSESSMENT ENGINEER AND
CONFIRMING REASSESSMENTS WITHIN REASSESSMENT
DISTRICT NO. 93-1R**

WHEREAS, the BOARD of the NIPOMO COMMUNITY SERVICES DISTRICT did previously undertake proceedings and confirmed assessments in Assessment District No. 93-1 (Summit Station) (the "Assessment District") pursuant to the terms and provisions of the "Municipal Improvement Act of 1913," being Division 12 of the Streets and Highways Code of the State of California;

WHEREAS, improvement bonds representing the unpaid assessments within said Assessment District (the "Improvement Bonds") were issued and sold in the manner provided in the "Improvement Bond Act of 1915," being Division 10 of the Streets and Highways Code of the State of California;

WHEREAS, this legislative body has initiated proceedings to reassess the parcels within the Assessment District and to refund all outstanding Improvement Bonds pursuant to the "Refunding Act of 1984 for 1915 Improvement Act Bonds," being Division 11.5 of the Streets and Highways Code of the State of California (the "Refunding Act");

WHEREAS, the reassessed district and refunding bonds are to be designated as Reassessment District No. 93-1R (Summit Station) (hereinafter referred to as the "Reassessment District");

WHEREAS, this legislative body has previously ordered the preparation of an Reassessment Engineer's Report pursuant to the Refunding Act;

WHEREAS, this legislative body has now received and considered the Reassessment Engineer's Report and is ready to proceed to make certain findings and approve the Reassessment Engineer's Report;

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

Section 1. The foregoing recitals are true and correct.

Section 2. The Reassessment Engineer's Report as presented to this Board of Directors satisfies the requirements of the Refunding Act and is hereby approved, and it is hereby determined by this Board of Directors that if the refunding bonds proposed to be issued for the Reassessment District are issued and sold with interest rates not to exceed those set forth in the Reassessment Engineer's Report, the following conditions will be satisfied:

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RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
APPROVING THE REPORT OF THE REASSESSMENT ENGINEER
AND CONFIRMING REASSESSMENTS WITHIN REASSESSMENT
DISTRICT NO. 93-1R

- A. Each estimated annual installment of principal and interest on the reassessment will be less than the corresponding annual installment of principal and interest on the portion of the original assessment being superseded and supplanted by the same percentage for all subdivisions of land within the Assessment District;
- B. The number of years to maturity of all refunding bonds will be no more than the number of years to the last maturity of the Improvement Bonds;
- C. The principal amount of the reassessment on each subdivision of land within the Reassessment District will be less than the corresponding unpaid principal amount of the portion of the original assessment being superseded and supplanted by the same percentage for each subdivision of land within the Assessment District;
- D. The reassessments, as set forth in the Reassessment Engineer's Report, shall not be deemed to be an assessment within the meaning of, and may be ordered without compliance with the procedural requirements of, Article XIID of the Constitution of the State of California.

Based upon the foregoing determinations, this Board of Directors hereby approves and confirms the reassessments for the refunding bonds and the contributions from the existing funds of the Assessment District, all as set forth in the Reassessment Engineer's Report, and a copy of this Resolution shall be entered upon the minutes of this meeting of the legislative body. The reassessments and the Reassessment Engineer's Report may be adjusted and finalized upon the establishment of the final pricing for the sale of the refunding bonds provided that the principal amount of the reassessment on each subdivision of land within the Reassessment District will be less than the corresponding unpaid principal amount of the portion of the original assessment being superseded and supplanted by the same percentage for each subdivision of land within the Assessment District.

Section 3. This Board of Directors hereby authorizes the issuance and sale of refunding bonds to represent all unpaid reassessments, and said refunding bonds shall bear interest at a rate or rates not to exceed the interest rates set forth in the Reassessment Engineer's Report, and shall be issued in the manner as provided by the Refunding Act. The last maturity of the refunding bonds shall not exceed the number of years to the last maturity of the Improvement Bonds.

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RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
APPROVING THE REPORT OF THE REASSESSMENT ENGINEER
AND CONFIRMING REASSESSMENTS WITHIN REASSESSMENT
DISTRICT NO. 93-1R

Section 4. The final reassessment, together with the reassessment diagram, as shall be set forth in the final Reassessment Engineer's Report, shall be recorded in the Office of the Superintendent of Streets upon (a) the running of the limitations period specified in Section 9707 of the Refunding Act without the filing of an action to challenge the validity of the reassessment and refunding proceedings, the issuance of the refunding bonds, or both and (b) the execution of a Loan Agreement with a principal amount and at interest rates not to exceed those set forth in the Reassessment Engineer's Report. As soon as practicable thereafter, a copy of the reassessment diagram shall be filed in the Office of the County Recorder and a Notice of Reassessment, referencing said diagram, shall be recorded in the Office of the County Recorder, all pursuant to the provisions of Division 4.5 of the Streets and Highways Code of the State of California, and specifically Section 3114 thereof. Upon the recordation, the reassessments shall become liens upon the various parcels of property and land assessed as shown on the reassessment diagram.

Section 5. From and after the date of such recordation and filing, the assessments originally levied shall be superseded and supplanted. The lien of the original assessments is not superseded and supplanted as to any unpaid installments of the assessments originally levied which are now delinquent and the penalties and interest, if any, thereon. Amounts, if any, received from the payment of delinquent assessments and the penalties and interest thereon, excluding attorney's fees and costs and post-judgment interest, if any, shall be deposited into the redemption fund for the refunding bonds.

Section 6. This Board of Directors hereby determines and declares that the Nipomo Community Services District will not obligate itself to advance available funds from the its treasury to cure any deficiency which may occur in the bond redemption fund for the refunding bonds.

Section 7. A copy of this Resolution confirming the reassessments, which reassessments shall constitute the security for the refunding bonds, shall be filed in the Office of the Treasurer, and the Treasurer shall keep the record showing the several installments of principal and interest on the reassessments which are to be collected each year during the term of said refunding bonds. An annual portion of each reassessment, together with annual interest on said reassessment, shall be payable in the same manner and at the same time and in the same installment as the general property taxes of the County and shall be payable and become delinquent at the same time and in the same proportionate amount. Each year the annual installments shall be submitted to the County Auditor for purposes of collection, and the County Auditor shall, at the close of the tax collecting season, promptly render to the Treasurer a detailed report showing the amount of such installments, interest, penalties and percentages so collected.

Section 8. This resolution shall become effective upon its adoption.

RESOLUTION NO. 2001-768
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RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
APPROVING THE REPORT OF THE REASSESSMENT ENGINEER AND CONFIRMING REASSESSMENTS
WITHIN REASSESSMENT
DISTRICT NO. 93-1R

PASSED, APPROVED and ADOPTED by the Board of Directors of the Nipomo Community Services District, on this 16th day of May, 2001.

AYES:
NOES:
ABSENT:

Robert L. Blair, President
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

Donna K. Johnson
Secretary to the Board

Jon S. Seitz
District Legal Counsel

RESOLUTION NO. 2001-769

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF A REFUNDING
NOTE, APPROVING FORM OF LOAN AGREEMENT
AND ESCROW AGREEMENT AND AUTHORIZING OTHER ACTIONS IN
CONNECTION THEREWITH**

WHEREAS, the BOARD of the NIPOMO COMMUNITY SERVICES DISTRICT (the "CSD") has undertaken proceedings pursuant to the "Refunding Act of 1984 for 1915 Improvement Act Bonds" (the "Refunding Act"), being Division 11.5 of the Streets and Highways Code of the State of California, and has conditionally confirmed reassessments upon lands within a special assessment district known and designated as Reassessment District No. 93-1R (Summit Station) (hereinafter referred to as the "Reassessment District");

WHEREAS, at this time, but subject to the final confirmation of the reassessments and the recordation of the reassessment diagram and notice of reassessment, this legislative body desires to set forth all formal terms and conditions relating to the issuance and sale of such refunding bonds in the form of a loan (the "Loan") to be evidenced by a refunding note to be designated as "Nipomo Community Services District Reassessment District No. 93-1R (Summit Station) Limited Obligation Refunding Note" (the "Limited Obligation Refunding Note");

WHEREAS, a portion of the proceeds of the Loan shall be used to retire, in advance of their scheduled maturities, all outstanding Nipomo Community Services District Assessment District No. 93-1 Limited Obligation Improvement Bonds (the "Prior Bonds");

WHEREAS, there is now on file with the CSD the form of a Loan Agreement (the "Loan Agreement") related to the Loan and the Limited Obligation Refunding Note, and reference is hereby made to the form of the Loan Agreement for further particulars;

WHEREAS, this Board of Directors has reviewed and considered the proposed Loan Agreement by and between the CSD and City National Bank providing for the issuance of the Limited Obligation Refunding Note and an Escrow Agreement by and between the CSD and U.S. Bank Trust National Association, as Escrow Agent, and this Board finds those documents suitable for approval, subject to the conditions set forth in this resolution;

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Limited Obligation Refunding Note and the levy of the reassessments as contemplated by this resolution and the documents referred to herein exist, have happened and have been performed or have been ordered to have been performed in due time, form and manner as required by the laws of the State of California, including the Refunding Act;

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RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF A REFUNDING NOTE, APPROVING FORM OF
LOAN AGREEMENT AND ESCROW AGREEMENT AND AUTHORIZING OTHER ACTIONS IN
CONNECTION THEREWITH

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

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

Section 2. Note Authorized. Pursuant to the Refunding Act, this Resolution and the Loan Agreement, the Loan is hereby authorized and the Limited Obligation Refunding Note in an aggregate principal amount not to exceed the unpaid reassessments is hereby authorized to be issued. The date, manner of payment, interest rate or rates, interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms, covenants and conditions of the Loan and Limited Obligation Refunding Note shall be as provided in the Loan Agreement as finally executed.

Section 3. Authorization and Conditions. The General Manager of the CSD and each of his specified designees (the "Authorized Officers"), acting for and on behalf of the CSD, are, and each of them is hereby authorized and directed to execute and deliver the various documents and instruments described in this Resolution with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve as being in the best interests of the CSD, provided that no additions or changes shall authorize an aggregate principal amount of the Limited Obligation Refunding Note in excess of the unpaid reassessments or a maturity of the Limited Obligation Refunding Note in excess of the term as set forth in the Reassessment Engineer's Report, or an annual interest rate on the Limited Obligation Refunding Note in excess of interest rates set forth in the Reassessment Engineer's Report. The approval of such additions or changes shall be conclusively evidenced by the execution and delivery of such documents or instruments by the Authorized Officer.

Section 4. Loan Agreement. The proposed form of Loan Agreement by and between the CSD and City National Bank, with respect to the Limited Obligation Refunding Note as presented at this meeting is hereby approved. The General Manager of the CSD and each of his specified designees (the "Authorized Officer"), acting for and on behalf of the CSD, are, and each of them is, hereby authorized and directed to execute, acknowledge and deliver the Loan Agreement in substantially the form approved hereby, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve as being in the best interests of the CSD, such approval to be conclusively evidenced by the execution and delivery thereof by such Authorized Officer.

Section 5. Costs of Issuance. "Designated costs of issuing the refunding bonds" for purposes of Subsection 9600(b) and Section 9614 of the Refunding Act are the items specified in paragraphs (1) through and including (5) of subsection (a) of Section 9600 of the Refunding Act, and "Costs of Issuance" as such phrase is used in the Loan Agreement shall mean such designated costs of issuing the Limited Obligation Refunding Note.

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RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF A REFUNDING NOTE, APPROVING FORM OF
LOAN AGREEMENT AND ESCROW AGREEMENT AND AUTHORIZING OTHER ACTIONS IN
CONNECTION THEREWITH

Section 6. Note Prepared and Delivered. Upon the execution of the Loan Agreement, the Limited Obligation Refunding Note shall be prepared, authenticated and delivered, all in accordance with the applicable terms of the Refunding Act and the Loan Agreement, and the Authorized Officer and other responsible CSD officials are hereby authorized and directed to take such actions as are required under the Loan Agreement to complete all actions required to evidence the delivery of the Limited Obligation Refunding Note upon the receipt of the principal amount thereof from City National Bank.

Section 7. Escrow Agreement. The proposed form of Escrow Agreement by and between the CSD and U.S. Bank Trust National Association, as Escrow Agent, with respect to the defeasance and refunding of the Prior Bonds as presented at this meeting is hereby approved. The Authorized Officer, acting for and on behalf of the CSD, are, and each of them is, hereby authorized and directed to execute, acknowledge and deliver the Escrow Agreement in substantially the form approved hereby, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve as being in the best interests of the CSD, such approval to be conclusively evidenced by the execution and delivery thereof by such Authorized Officer.

Section 8. Annual Reassessment Installments. A copy of the resolution confirming the reassessments, which reassessments shall constitute the security for the Limited Obligation Refunding Note, shall be delivered to the Treasurer and the Treasurer shall keep or cause to be kept the record showing the several installments of principal and interest on the reassessments which are to be collected each year during the term of the Note. An annual portion of each reassessment, together with annual interest on said reassessment, shall be payable in the same manner and at the same time and in the same installment as the general property taxes and shall be payable and become delinquent at the same time and in the same proportionate amount. Each year the annual installments shall be submitted to the County Auditor for purposes of collection.

Section 9. 265(b) Designation. This Board hereby designates the Loan evidenced by the Limited Obligation Refunding Note for purposes of paragraph (3) of Section 265(b) of the Tax Code and hereby covenants that (i) the Note does not constitute private activity bonds as defined in Section 141 of the Tax Code, and (ii) not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludible (under Section 103(a) of the Tax Code) from gross income for federal income taxes (excluding, however, private activity bonds, as defined in Section 141 of the Tax Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Tax Code), including the Note, have been or shall be issued by or on behalf of the CSD, including all subordinate entities of the CSD, during the calendar year 2001.

RESOLUTION NO. 2001-769
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RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF A REFUNDING NOTE, APPROVING FORM OF
LOAN AGREEMENT AND ESCROW AGREEMENT AND AUTHORIZING OTHER ACTIONS
IN CONNECTION THEREWITH

Section 10. Actions. All actions heretofore taken by the officers and agents of the CSD with respect to the establishment of the Reassessment District, the Loan, and the issuance of the Limited Obligation Refunding Note are hereby approved, confirmed and ratified, and the proper officers of the CSD are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements, contracts, and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Limited Obligation Refunding Note in accordance with the Refunding Act, this Resolution, the Loan Agreement, and any certificate, agreement, contract, and other document described in the documents herein approved.

Section 11. Effective Date. This resolution shall take effect from and after its adoption.

PASSED, APPROVED and ADOPTED by the Board of Directors of the Nipomo Community Services District, on this 16th day of May, 2001.

AYES:
NOES:
ABSENT:

Robert L. Blair, President
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

Donna K. Johnson
Secretary to the Board

Jon S. Seitz
District Legal Counsel

LOAN AGREEMENT

Dated as of May 16, 2001

by and between

Nipomo Community Services District

and

City National Bank
as Lender

relating to

Nipomo Community Services District
Reassessment District No. 93-1R
(Summit Station)

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LOAN AGREEMENT

This LOAN AGREEMENT dated as of May 16, 2001 (together with all supplements, modifications and amendments hereto, this "Loan Agreement"), by and among the Nipomo Community Services District, a community services district organized and existing under the laws of the State of California (together with its successors and assigns, the "CSD") and City National Bank, a national banking association duly organized and existing under the laws of the United States of America (together with its successors and assigns, the "Lender"),

WITNESSETH:

ARTICLE I AUTHORITY AND DEFINITIONS

Section 1.01. *Authority for this Loan Agreement.* This Loan Agreement is entered into under the Act and the Resolution.

Section 1.02. *Definitions.* Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Loan Agreement, of any Supplemental Agreement, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or subdivision hereof.

"Act" means the Refunding Act of 1984 for 1915 Improvement Act Bonds, as amended, being Division 11.5 of the California Streets and Highways Code.

"Administrative Expenses" means costs directly related to the administration of the Reassessment District including but not limited to the following: (a) the actual costs of computing the Reassessments and preparing the annual Reassessment collection schedules (whether by a CSD employee or consultant or both) and the actual costs of collecting the Reassessments (whether by the County or otherwise); (b) the actual costs of collecting and remitting the Reassessments to the Lender; (c) the actual costs of the CSD related to any challenge to the validity of the proceedings to levy or collect the Reassessment; (d) any amounts required to be rebated to the federal government; and (e) an allocable share of the salaries of the CSD staff directly related to the foregoing and a proportionate amount of CSD general administrative overhead related thereto. Administrative Expenses shall also include amounts advanced by the CSD for any administrative purpose of the Reassessment District, including costs related to prepayments of Reassessments, recordings related to such prepayments and satisfaction of Reassessments, amounts advanced to ensure maintenance of tax exemption, and the costs of prosecuting foreclosure of delinquent Reassessments, which amounts advanced are subject to reimbursement from other sources, including proceeds of foreclosure.

"Administrative Expense Fund" means the fund by that name established and held by the CSD under Section 3.02.

"Auditor" means the auditor/controller of the County, or such other official at the County who is responsible for prepaying property tax bills.

“*Authorized Officer*” means the General Manager, Assistant Administrator, or any other officer or employee authorized by the Board of the CSD or by the General Manager to undertake the action referenced in this Loan Agreement as required to be undertaken by an Authorized Officer.

“*Bond Counsel*” means Robert E. Hessel, or any attorney or firm of attorneys acceptable to the CSD and the Lender and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“*Business Day*” means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Lender has its principal office are authorized or obligated by law or executive order to be closed.

“*Closing Date*” means June 6, 2001, being the date upon which the Loan is funded by the Lender and the net proceeds thereof are deposited with the Escrow Bank.

“*County*” means the County of San Luis Obispo, California.

“*CSD*” means the Nipomo Community Services District, a community services district and public agency duly organized and existing under the laws of the State, its successors and assigns.

“*Debt Service*” means, for any period of time, the sum of (a) the interest due on the Loan and the Note in such period, assuming that the Loan and the Note are retired as scheduled, and (b) the principal amount of the Loan and the Note coming due in such period.

“*Escrow Agreement*” means the Escrow Agreement dated as of the Closing Date, by and between the Escrow Bank and the CSD, providing for the defeasance of the 1994 Bonds.

“*Escrow Bank*” means U.S. Bank Trust National Association, as fiscal agent for the 1994 Bonds and as holder of the Escrow Fund under the Escrow Agreement.

“*Escrow Fund*” means the fund by that name established and administered under the Escrow Agreement.

“*Fiscal Year*” means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

“*Lender*” means City National Bank, a national banking association duly organized and existing under the laws of the United States of America, its successors and assigns.

“*Loan*” means the loan made hereunder by the Lender to the CSD in the aggregate principal of \$981,000 for the purpose of providing funds to refund and discharge the outstanding 1994 Bonds.

“*Loan Agreement*” means this Loan Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions hereof.

“*Loan Payment Date*” means each March 2 and September 2 of every calendar year, commencing March 2, 2002.

“1994 Bonds” means the bonds heretofore issued by the CSD and designated “Nipomo Community Services District Limited Obligation Improvement Bonds” dated August 1, 1994, and issued in the original principal amount of \$1,752,938.10.

“Note” means the note evidencing the obligations of the CSD under this Loan Agreement, in the form attached hereto as Exhibit A.

“Officer's Certificate” means a written certificate of the CSD signed by an Authorized Officer of the CSD,

“Principal Amount” means the aggregate principal amount of the Loan which is \$981,000.

“Project” means those item described as the “Facilities” in the Engineer’s Report for the original Assessment District.

“Reassessments” means the reassessments levied by the CSD within the Reassessment District under the Act, the resolution confirming the reassessments adopted by the Board of the CSD on May 16, 2001, and this Loan Agreement.

“Reassessment District” means the Reassessment District No. 93-1R (Summit Station) established by the CSD under the Act and the resolution adopted by the Board of the CSD on May 16, 2001.

“Reassessment Revenue” means the moneys received by the CSD representing payments and prepayments of the Reassessments, except that portion representing an assessment of administrative expenses.

“Redemption Fund” means the special fund by that name established and held by the CSD under Section 3.02.

“Reserve Fund” means the reserve fund by that name established and held by the CSD under Section 3.02.

“Reserve Requirement” means, on the Closing Date, an amount equal to two and one-half percent (2.5%) of the Loan amount and, after the Closing Date, Reserve Requirement shall mean \$_____.

“Resolution” means Resolution No. _____, adopted by the CSD on May 16, 2001 authorizing the execution and delivery of this Loan Agreement and the issuance of the Note.

“State” means the State of California.

“Supplemental Agreement” means an agreement the execution of which is authorized by a resolution which has been duly adopted by the Board of the CSD under the Act and which agreement is amendatory of or supplemental to this Loan Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date,

together with applicable proposed, temporary and final regulations promulgated, and applicable official guidance published, under the Tax Code.

“*Treasurer*” means the Treasurer of the CSD, or such other officer of the CSD who acts in the capacity as the treasurer of the CSD, including any designee thereof or any assistant or deputy thereto.

ARTICLE II
THE LOAN; ISSUANCE OF THE NOTE

SECTION 2.01. *Principal Amount; Designation.* The Lender hereby agrees to make the loan to the CSD in the aggregate principal amount of \$981,000, and the CSD hereby agrees to borrow such amount from the Lender. The Loan shall be evidenced by a note which shall constitute a “refunding bond” under the Act, which shall be issued by the CSD in the form of the Note in the aggregate principal amount of \$981,000. The Loan and the Note are authorized to be entered into and issued by the CSD under and subject to the terms of the Act, the Resolution, this Loan Agreement and other applicable laws of the State. The Loan shall be funded subject to the terms and conditions of this Loan Agreement by the Lender on the Closing Date in funds which are immediately available to the CSD and the Escrow Bank.

SECTION 2.02. *Terms of Loan and Note.* The Note shall be dated as of the Closing Date. Subject to Section 2.03 of this Loan Agreement, principal of the Loan and the Note shall mature and become payable on September 2 in each of the years, and in the amounts, as set forth in Exhibit B attached hereto and incorporated herein by this reference, which schedule of payments is the same as Appendix A to the Note.

Interest on the unpaid principal balance of the Loan and the Note shall accrue from the Closing Date at the rate of _____% per annum, and shall be payable on each of the Loan Payment Dates. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months. The principal of and interest and premium (if any) on the Loan shall be payable to the Lender in lawful money of the United States of America.

SECTION 2.03. *Prepayment.* The loan is subject to prepayment on any Loan Payment Date commencing September 2, 2001, in whole or in part, from any source of funds, at a prepayment price (expressed as a percentage of the principal amount of the Loan to be prepaid) as set forth below, together with accrued interest thereon to the date fixed for prepayment:

<u>Prepayment Date</u> <u>(Dates Inclusive)</u>	<u>Prepayment Price</u>
September 2, 2001 through March 2, 200__	103.0%
September 2, 200__ though March 2, 20__	102.0
September 2, 200__ though March 2, 20__	101.0
September 2, 20__ and thereafter	100.0

The CSD shall give the Lender written notice of its intention to prepay the Loan under this Section 2.03 not less than thirty (30) days prior to the prepayment date and shall specify the principal amount to be prepaid. In the event the Loan is prepaid in part but not in whole, the principal amount to be prepaid shall be allocated among the respective principal payment dates on a pro rata basis; provided, however, that in the event of prepayment, the principal installments to be prepaid shall be determined such that the remaining Reassessment Revenues correspond in time and amount to the remaining schedule of Debt Service payments on the Loan.

SECTION 2.04. *No Acceleration.* The principal of the Loan and the Note shall not be subject to acceleration hereunder.

SECTION 2.05. *Issuance of Note; Form of Note.* The Loan shall be evidenced by the Note, all of the terms and provisions of which shall reflect the terms and provisions of the Loan. The Note and the CSD's certificate of authentication to appear thereon shall be substantially in the forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Loan Agreement, the Resolution and the Act.

The Note shall be executed on behalf of the CSD by the manual signatures of its Manager or its Assistant Manager and its Secretary who are in office on the date of execution of this Loan Agreement or at any time thereafter; and the seal (if any) of the CSD shall be impressed, imprinted or reproduced by facsimile thereon. If any officer whose signature appears on the Note ceases to be such officer before delivery of the Note to the Lender, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Note to the Lender. The Note may be signed and attested on behalf of the CSD by such persons as at the actual date of the execution of the Note shall be the proper officers of the CSD although at the nominal date of the Note any such person shall not have been such officer of the CSD.

Only if the Note bears thereon a certificate of authentication in substantially the form set forth in Exhibit A, manually executed and dated by the Secretary, shall the Note be valid or obligatory for any purpose or entitled to the benefits of this Loan Agreement, and such certificate of authentication shall be conclusive evidence that the Note has been duly authenticated and delivered hereunder and is entitled to the benefits of this Loan Agreement.

SECTION 2.06. *Issuance and Delivery of Note.* The CSD shall issue the Note on the Closing Date and thereupon deliver the Note to the Lender. The Authorized Officers of the CSD are hereby authorized and directed to execute and deliver any and all documents and instruments necessary to cause the issuance of the Note in accordance with the provisions of the Act, the Resolution and this Loan Agreement, and to do and cause to be done any and all acts and things necessary or convenient for the timely delivery of the Note to the Lender.

SECTION 2.07 *Transfer or Exchange of Lender's Rights.* The Lender may assign its rights hereunder, and may transfer the Note, subject to the requirements of Section 6.11 herein, but only upon surrender of the Note to the CSD for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the CSD. Whenever the Note shall be surrendered for transfer, the CSD shall execute, authenticate and deliver a new Note to the transferee.

ARTICLE III APPLICATION OF LOAN PROCEEDS

SECTION 3 01. *Application of Proceeds of Loan.* The proceeds of the Loan payable by the Lender in the amount of \$981,000 shall be applied on the Closing Date as follows:

- (i) Pursuant to the terms of an Escrow Agreement \$___,000 of the proceeds from the Loan, together with \$_____ of the funds held under the terms of the bond indenture for the 1994 Bonds, shall be transferred by the CSD to the Escrow Agent for deposit in the escrow fund

created under the Escrow Agreement, and the monies in said fund shall be used only for the payment of the principal of, and interest and premium on, the outstanding 1994 Bonds in accordance with the terms of the Escrow Agreement,

(ii) \$___ of the unexpended proceeds of the 1994 Bonds shall be deposited into the Costs of Issuance Fund, and

(iii) \$___ of the unexpended proceeds of the 1994 Bonds shall be deposited into the Reserve Fund.

The CSD is authorized to establish a temporary fund or account on its records to facilitate any transfers required hereunder.

SECTION 3.02. *Funds.* The CSD is hereby authorized and directed to establish the following funds for purposes of collecting reassessment installments, making payment for the hereinafter designated costs and expenses and payment of principal and interest on the Note. The funds to be created are designated and subject to the terms as follows:

(a) Redemption Fund.: The CSD is hereby authorized and directed to establish and maintain a Redemption Fund into which shall be placed (i) the amount of the proceeds of the Note, if any, which represents capitalized interest on the Note, (ii) all sums received for the collection of the reassessments and the interest thereon, together with all penalties, if applicable, (iii) all amounts received for the collection of unpaid original assessments not refunded by the reassessments, and (iv) any surplus in the Costs of Issuance Fund as provided below.

Principal of and interest on the Note shall be paid to the Lender out of the Redemption Fund to the extent funds on deposit in said Redemption Fund are available therefor. The CSD shall transfer to the Lender on or prior to each Loan Payment Date funds sufficient to timely pay the principal of and interest on the Note payable on the Loan Payment Date. In all respects not recited herein, payment of principal and interest on said Note shall be governed by this Loan Agreement in accordance with the provisions of the Act. Under no circumstances shall the Note or interest thereon be paid out of any other fund except as provided herein.

The CSD shall establish a prepayment subaccount within the Redemption Fund to be known as the Prepayment Account (the "Prepayment Account"). The CSD shall deposit in the Prepayment Account all monies received from the Treasurer representing the principal of and redemption premium on any prepaid reassessments. Such amounts shall be identified in writing to the Lender and shall be applied solely to the payment of principal of and premium on Note to be redeemed prior to maturity pursuant to the provisions of this Loan Agreement.

(b) Reserve Fund.: The CSD shall create and maintain a special reserve fund for the Note to be designated by the name of the Reassessment District and specified as the "Reserve Fund". An amount equal to the Reserve Requirement shall be deposited into the Reserve Fund on the Closing Date.

Monies in the Reserve Fund shall be applied as follows:

- (1) Amounts in the Reserve Fund shall be transferred by the CSD to the Redemption Fund if, as result of delinquencies in the payment of reassessments, there are insufficient monies in said Redemption Fund to pay principal of and interest on the Note when due. Amounts so transferred shall be repaid to the Reserve Fund from proceeds from the redemption or foreclosure of property with respect to which a reassessment is unpaid and from payments of the delinquent reassessments.
 - (2) Subject to paragraph (1) immediately above, interest earned on the permitted investment of monies on deposit in the Reserve Fund shall remain in the Reserve Fund to the extent required to maintain the Reserve Fund at the Reserve Requirement. On July 15 of each fiscal year the amount on deposit in the Reserve Fund in excess of the Reserve Requirement may in the sole discretion of the CSD be transferred from the Reserve Fund to the Redemption Fund and credited to the unpaid reassessment installments payable during such fiscal year. The auditor's record of the reassessments remaining unpaid and maintained pursuant to the Act shall reflect the credits against each of the unpaid reassessments in amounts equal to each parcel's proportionate share of such transfer.
 - (3) Whenever monies in the Reserve Fund are sufficient to retire the full amount of the Note outstanding, plus accrued interest thereon, such money shall be transferred to the Redemption Fund and collection of a corresponding amount of the remaining unpaid reassessments shall cease.
 - (4) In the event reassessment installments are prepaid in cash, the CSD shall credit the prepaid reassessment with a proportionate share of the Reserve Fund and transfer an amount equal to such credit to the Redemption Fund to be utilized for the prepayment of the Note.
- (c) Costs of Issuance Fund.: The CSD shall establish and maintain a Costs of Issuance Fund. There shall be deposited into the Costs of Issuance Fund the amount provided in Section 3.01 of this Loan Agreement. The CSD shall pay from the Costs of Issuance Fund any Costs of Issuance (as herein defined) of the Reassessment District. "Costs of Issuance" means any costs determined by the CSD to be costs described in items (1) through (5) of paragraph (a) of Section 9600 of the Streets and Highways Code, all of which are hereby designated costs of issuing the Note. On September 1, 2001, the CSD shall transfer any unspent funds remaining in the Costs of Issuance Fund to the Redemption Fund.
- (d) Administrative Expense Fund. The Administrative Expense Fund is hereby established as a separate fund to be held by the Treasurer. Amounts in the Administrative Expense Fund shall be held by the Treasurer for the benefit of the CSD, and shall be disbursed as provided below.

Amounts in the Administrative Expense Fund shall be withdrawn by the Treasurer at the request of the CSD and applied to pay or reimburse payment of Administrative Expenses. The Treasurer shall withdraw from the Administrative Expense Fund and transfer to the Redemption Fund, from time to time, any amount not required to pay any Administrative Expenses.

ARTICLE IV
SECURITY FOR THE LOAN; COVENANTS

SECTION 4.01. *Pledge of Reassessment Revenues.* The Loan shall be secured by a first pledge (which pledge shall be effected in the manner and to the extent provided herein and in the Act) of all of the Reassessment Revenues and all moneys deposited in the Redemption Fund and the Reserve Fund. The Reassessment Revenues and all moneys deposited into such funds (except as otherwise provided herein) are hereby dedicated to the payment of Debt Service on the Loan as provided herein and in the Act until payment in full of the Loan or the discharge of the Loan under Section 6.03.

SECTION 4.02. *Limited Obligations.* All obligations of the CSD under this Loan Agreement and the Note shall not be general obligations of the CSD, but shall be limited obligations, payable solely from the Reassessment Revenues and the funds pledged therefore hereunder. Neither the faith and credit of the CSD nor of the State or any political subdivision thereof is pledged to the payment of the Loan and the Note.

SECTION 4.03. *Collection of Reassessment Revenues.* The CSD shall comply with all requirements of the Act so as to assure the timely collection of Reassessment Revenues, including without limitation, the enforcement of delinquent Reassessments. The Reassessments shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the *ad valorem* taxes on real property.

SECTION 4.04. *Covenant to Foreclose.* The CSD covenants that it will determine or cause to be determined, no later than August 1 of each year in which the Note remains outstanding, whether or not any owners of the real property within the Reassessment District are delinquent in the payment of reassessment installments. If such delinquencies exist, the CSD shall order and cause to be commenced an action in the Superior Court to foreclose the lien of any reassessment or installment thereof not paid when due, no later than the next following November 1. The Issuer further covenants to diligently prosecute any such foreclosure action. Notwithstanding the foregoing, the CSD shall not be required to commence foreclosure so long as the amount in the Reserve Fund is at least equal to the Reserve Requirement.

SECTION 4.05. *Punctual Payment.* The CSD will punctually pay or cause to be paid the Debt Service on the Loan when and as due in strict conformity with the terms hereof and thereof, and it will faithfully observe and perform all of the conditions, covenants, and requirements of this Loan Agreement and all Supplemental Agreements and of the Note.

SECTION 4.06. *Against Encumbrances.* The CSD will not encumber, pledge or place any charge or lien upon any of the Reassessment Revenues or other amounts pledged to the Loan superior to or on a parity with the pledge and lien herein created for the benefit of the Lender, except as permitted by this Loan Agreement.

SECTION 4.07. *Books and Records.* The CSD will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the CSD, in which complete and correct entries are made of all transactions relating to the investment of fund balances, the expenditure of amounts disbursed from the Redemption Fund and the Reserve Fund, and the Reassessment Revenues.

Such books of record and accounts shall at all times during business hours be subject to the inspection of the Lender or its representatives duly authorized in writing.

SECTION 4.08. *Protection of Security and Rights of Lender.* The CSD will preserve and protect the security of the Loan and the rights of the Lender. From and after the delivery of this Loan Agreement and the Note by the CSD, the Loan and the Note shall be incontestable by the CSD.

SECTION 4.09. *Amendment of this Loan Agreement.* This Loan Agreement and the rights and obligations of the CSD and of the Lender may be modified or amended at any time by a Supplemental Agreement. Prior to the execution and delivery of any Supplemental Agreement, the CSD shall at its expense (which expense shall constitute an Administrative Expense) obtain an opinion of Bond Counsel stating whether such modification or amendment will have the effect of causing interest on the Loan to become includable in gross income under the Tax Code, which opinion shall be filed with the Lender.

SECTION 4.10. *Tax Covenants.*

(a) Private Activity Bond Limitations. The CSD shall assure that the proceeds of the Loan are not so used as to cause the Loan to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The CSD shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Loan to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(c) Rebate Requirement. The CSD shall take any and all actions necessary to assure compliance with Section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such Section is applicable to the Loan.

(d) No Arbitrage. The CSD shall not take, or permit or suffer to be taken by the Lender or otherwise, any action with respect to the proceeds of the Note which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Note would have caused the Note to be “arbitrage bonds” within the meaning of Section 148 of the Tax Code.

(e) Maintenance of Tax-Exemption. The CSD shall take all actions necessary to assure the exclusion of interest on the Note from the gross income of the Lender to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect the date of issuance of the Note.

(f) Small Issuer Exemption from Bank Nondeductibility Restriction. The CSD hereby designates the Loan for purposes of paragraph (3) of Section 265(b) of the Tax Code and hereby covenants that (i) the Loan does not constitute private activity bonds as defined in Section 141 of the Tax Code, and (ii) not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludible (under Section 103(a) of the Tax Code) from gross income for federal income taxes (excluding, however, private activity bonds, as defined in Section 141 of the Tax Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Tax Code), including the Loan, have been or shall be issued by or on behalf of the CSD, including all subordinate entities of the CSD, during the calendar year 2001.

SECTION 4.11. *Further Assurances.* The CSD will adopt, make, execute and deliver any *and* all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry

out the intention or to facilitate the performance of this Loan Agreement, and for the better assuring and confirming unto the Lender of the rights and benefits provided in this Loan Agreement.

ARTICLE V
INVESTMENTS; LIABILITY OF THE CSD

SECTION 5.01. *Deposit and Investment of Moneys in Funds.*

(a) General. Moneys in any fund or account created or established by this Loan Agreement and held by the CSD shall be invested by the CSD in any investments which are authorized for the investment of CSD funds under the laws of the State, which in *any event* by their terms mature prior to the date on which such moneys are required to be paid out hereunder. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Loan Agreement, or otherwise containing gross proceeds of the Loan (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Loan Agreement or the Tax Code) at Fair Market Value. Investments in funds or accounts (or portions thereof that are subject to a yield restriction under the applicable provisions of the Tax Code shall be valued at their present value (within the meaning of Section 148 of the Tax Code).

(b) Definition of Fair Market Value. For purposes of this Section 5.01, the term "Fair Market Value" shall mean the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security - State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the CSD and any related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

(c) Commingled Money. Investment in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the CSD hereunder.

SECTION 5.02. *Liability of CSD.*

(a) General. The CSD shall not incur any responsibility in respect of the Loan, the Note or this Loan Agreement other than in connection with the duties or obligations explicitly herein or therein assigned to or imposed upon it.

(b) Reliance. In the absence of bad faith, the CSD, including the Treasurer, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the CSD by Bond Counsel or by an independent consultant and conforming to the requirements of this Loan Agreement. The CSD, including the Treasurer, shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts. The CSD may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The CSD may consult with counsel who may be the CSD attorney, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

(c) No General Liability. No provision of this Loan Agreement shall require the CSD to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Reassessment Revenues) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

SECTION 5.03. *Employment of Agents by CSD*. In order to perform its duties and obligations hereunder, the CSD may employ such persons or entities as it deems necessary or advisable. The CSD shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

ARTICLE VI MISCELLANEOUS

SECTION 6.01. *Benefit of Agreement Limited to Parties*. Nothing in this Loan Agreement, expressed or implied, is intended to give to any person other than the CSD and the Lender any right, remedy, or claim under or by reason of this Loan Agreement. Any covenants, stipulations, promises or agreements in this Loan Agreement contained by and on behalf of the CSD shall be for the sole and exclusive benefit of the Lender.

SECTION 6.02. *Successor and Predecessor*. Whenever in this Loan Agreement or any Supplemental Agreement either the CSD or the Lender is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Loan Agreement contained by or on behalf of the CSD or the Lender shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 6.03. *Discharge of Agreement*. The CSD shall have the right to pay and discharge the entire indebtedness on the Loan and the Note in any one or more of the following ways:

(a) by paying or causing to be paid the Debt Service on the Loan and the Note as and when the same become due and payable;

(b) by depositing in trust for the benefit of the Lender with a bank or other fiduciary, at or before final maturity, cash, Federal Securities, or both in such amount as the CSD shall determine, together with the amounts then on deposit in the Redemption Fund and the Reserve Fund, is fully sufficient to pay the Loan and the Note, including all Debt Service thereon coming due and payable to final maturity or to a

date fixed for prepayment thereof. Confirmation of the adequacy of such deposit shall be confirmed by an independent certified public accountant or by Bond Counsel.

In such event, the pledge of the Reassessment Revenue and other funds provided for in this Loan Agreement and all other obligations of the CSD under this Loan Agreement and under the Note shall cease and terminate, except only the obligations of the CSD to pay or cause to be paid to the Lender all sums due thereon from amounts set aside for such purpose, and thereafter Reassessment Revenue shall not be payable to the Lender.

SECTION 6.04. *Execution of Documents.* Any consent, request, declaration or other instrument which this Loan Agreement may require or permit to be executed by the Lender may be in one or more instruments of similar tenor, and shall be executed by the Lender or by its attorneys appointed in writing. Any consent, request, declaration or other instrument or writing of the Lender shall bind all future successors and assigns of the Lender in respect of anything done or suffered to be done by the CSD in good faith and in accordance therewith.

SECTION 6.05. *Waiver of Personal Liability.* No member, officer, agent or employee of the CSD shall be individually or personally liable for the payment of the principal of or interest or any premium on the Note; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 6.06. *Notice to and Demands on CSD and Lender.* Any notice or demand which by any provision of this Loan Agreement is required or permitted to be given or served by the Lender to or on the CSD may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the CSD with the Lender) as follows:

Nipomo Community Services District
148 South Wilson Street
P.O. Box 326
Nipomo, CA 93444
Attention: Treasurer

Any notice or demand which by any provision of this Loan Agreement is required or permitted to be given or served by the CSD to or on the Lender may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Lender with the CSD) as follows:

City National Bank
400 North Roxbury Drive, 3rd Floor
Beverly Hills, CA 90210
Attention: Senior Vice President

SECTION 6.07. *Partial Invalidity.* If any Section, paragraph, sentence, clause or phrase of this Loan Agreement shall for any reason be held by a court of competent jurisdiction to be illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Loan Agreement. The CSD and the Lender hereby declare that they would have entered into this Loan Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Note pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Loan Agreement may be held illegal, invalid or unenforceable.

SECTION 6.08. *Applicable Law.* This Loan Agreement shall be governed by and enforced in accordance with the laws of the State applicable to contracts made and performed in the State.

SECTION 6.09. *Conflict with Act.* In the event of a conflict between any provision of this Loan Agreement with any provision of the Act as in effect on the Closing Date, the provision of the Act shall prevail over the conflicting provision of this Loan Agreement.

SECTION 6.10. *Payment on Business Day.* If any case were the date of the maturity of interest or of principal (and premium, if any) of the Loan, or the date fixed for prepayment of the Loan, or the date any action is to be taken under this Loan Agreement, is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

SECTION 6.11. *Representations and Covenants of Lender.* In connection with the Loan, the Lender hereby represents, warrants and agrees that:

(a) The Lender has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt securities and other investment vehicles similar in character to the Note, to be able to evaluate the risks and merits of the investment represented by the purchase of the Note.

(b) The Lender has been supplied with or has had access to information relating to the CSD, the Reassessment District and the Reassessments and has had the opportunity to ask questions and receive answers from knowledgeable individuals, concerning the CSD, its credit standing, and the Note so that, as a sophisticated investor, the Lender has been able to make its own decision to make the Loan as evidenced by the Note. The Lender understands that no financial information or statistical data in connection with this transaction was reviewed by Bond Counsel.

(c) The Lender acknowledges that Bond Counsel has not made any representation regarding the quality, creditworthiness or liquidity of the Note.

(d) The Lender hereby acknowledges that the Note (a) is not being registered under the Securities Act of 1933, as amended, and is not being registered or otherwise qualified for sale under the "Blue Sky" laws or regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not carry a rating from any rating service, and (d) may not be readily marketable. The Lender agrees and acknowledges that the Note cannot be sold unless (i) it is subsequently registered under such acts or an exemption from such registration is available, (ii) any such subsequent purchaser delivers a letter addressed to the CSD containing the representations in this Section 6.11, and (iii) the prior written consent of the CSD has been given for such transfer.

(e) The Lender is able to bear the economic risk represented by the Note, including a total loss of the entire principal amount of the Note.

(f) The Lender is acquiring the Note for its own account for investment and not with a view to dividing its participation with others or with a view to, or for resale in connection with, a "distribution" (as that term is used in Securities Act of 1933, as amended, and Rules and Regulations of the Securities and Exchange Commission promulgated thereunder) of all or any portion thereof provided, however, that

the disposition of the Note shall at all times be and remain within the Lender's control. The Lender has no present intention of selling, negotiating or otherwise disposing of the Note or any participation therein.

(g) The Lender shall not assign or offer the Note, or any participation therein, for sale without complying with all applicable securities laws.

SECTION 6.12. *Counterparts.* This Loan Agreement may be executed in counterparts, each of which shall be deemed an original.

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EXHIBIT A

FORM OF NOTE

NOTICE: This Note is issued without a preliminary or final official statement prepared by the Issuer or its representatives. This Note represents a loan made with the understanding that the lender has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of making the loan by investing in this Note and that the lender is not investing for more than one account or with a view to distributing any portion of the loan or this Note. The transfer of this Note may be restricted by securities laws, rules and regulations and any attempt to transfer this Note in violation of any such restrictions shall be void.

United States of America
State of California

Number R-__

\$ _____

**NIPOMO COMMUNITY SERVICES DISTRICT
REASSESSMENT DISTRICT NO. 93-1R
(SUMMIT STATION)
LIMITED OBLIGATION REFUNDING NOTE**

Interest Rate:
_____%

Maturity Date:
September 2 as shown in Appendix A hereto

Dated Date:

REGISTERED OWNER: **City National Bank**

PRINCIPAL SUM: _____ **Dollars**

Under and by virtue of the "Refunding Act of 1984 for 1915 Improvement Act Bonds", Division 11.5 of the Streets and Highways Code of the State of California (the "Refunding Act"), the Nipomo Community Services District, San Luis Obispo County, California (the "Issuer") will, out of the Redemption Fund for the payment of the refunding Note issued upon the reassessments in Reassessment District No. 93-1R, for the purpose of providing the means for refunding the principal of, and interest and redemption premiums on, the Nipomo Community Services District Assessment District No. 93-1 Limited Obligation Improvement Bonds (the "Prior Bonds"), as more fully described in the Resolution Authorizing and Providing for the Issuance of Refunding Note, adopted by the Board of Directors of the Issuer on May 16, 2001, pay to the registered owner stated above, on maturity dates stated in Exhibit A attached hereto and incorporated herein by this reference, the principal sum stated above in lawful money of the United States of America, with interest thereon until payment of such principal sum has been discharged, at the rate per annum stated above, all as is hereinafter specified.

This refunding Note is issued by the Issuer under the Refunding Act for the purpose of providing means of refunding the Prior Bonds, is secured by the monies in said Redemption Fund and by the unpaid reassessments made for refunding the Prior Bonds, and, including principal and interest, is payable exclusively out of the Redemption Fund. Further terms and conditions of the refunding Note are provided for by a Loan Agreement (the "Loan Agreement") by and between the Issuer and City National Bank (the "Lender") dated as of May 1, 2001, and this reference incorporates the Loan Agreement herein

and by acceptance hereof the owner of this refunding Note assents to the terms and conditions of the Loan Agreement.

The interest on this refunding Note is payable semiannually on the second day of March and September in each year (each, a "Loan Payment Date"), commencing March 2, 2002 to the registered owner hereof by check mailed by first class mail to the registered owner at the registered owner's address as it appears on the registration books of the Issuer, or at such address as may have been filed with the Issuer for that purpose, as of the fifteenth day immediately preceding said Loan Payment Date. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

This refunding Note will continue to bear interest after maturity at the rate above stated, provided it is presented at maturity and payment thereof is refused upon the sole ground that there are not sufficient monies in the Redemption Fund with which to pay same. If this refunding Note is not presented at maturity, interest hereon will cease to accrue at maturity.

This refunding Note is issuable only as fully registered Note in denominations of \$100,000 or any amount above \$100,000.

This refunding Note may, at the option of the Issuer, be prepaid, in whole or in part, on any March 2 or September 2, from any source of funds, at the following prices (expressed as a percentage of the principal amount of the refunding Note prepaid), together with accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 2, 2001 through March 2, 200_	103%
September 2, 200_ and March 2, 200_	102%
September 2, 200_ and March 2, 200_	101%
September 2, 200_ and thereafter	100%

In the event the Note is prepaid in part but not in whole, the principal amount to be prepaid shall be allocated among the respective principal payment dates on a pro rata basis; provided, however, that in the event of prepayment, the principal installments to be prepaid shall be determined such that the remaining Reassessment Revenues correspond in time and amount to the remaining schedule of Debt Service payments on the Loan.

This refunding Note is subject to refunding pursuant to the Refunding Act.

THE ISSUER DETERMINED AND DECLARED THAT THE ISSUER WILL NOT OBLIGATE ITSELF TO ADVANCE AVAILABLE FUNDS FROM ITS TREASURY TO CURE ANY DEFICIENCY WHICH MAY OCCUR IN THE REDEMPTION FUND.

This refunding Note shall not be entitled to any benefit under the Refunding Act or the proceedings or become valid or obligatory for any purpose until the Certificate of Authentication and Registration hereon endorsed shall have been dated and signed by the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this refunding Note to be manually signed by the Treasurer and by the Secretary of the Issuer as of June 6, 2001.

Nipomo Community Services District

Treasurer

Secretary

CERTIFICATE OF AUTHENTICATION

This Refunding Note is the Note described in the Loan Agreement, is fully registered, and has been authenticated on:

Nipomo Community Services District

By: _____
Treasurer

EXHIBIT B

SCHEDULE OF PRINCIPAL INSTALLMENTS

Principal of this Note shall be payable in installments on the dates, and in the amounts, as set forth in the following schedule:

Principal Payment (<u>September 2</u>)	Principal <u>Amount</u>	Principal Payment (<u>September 2</u>)	Principal <u>Amount</u>
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ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Agreement"), made and entered into as of June 1, 2001, by and between the NIPOMO COMMUNITY SERVICES DISTRICT, a community services district duly organized and existing under the laws of the State of California (the "CSD"), and U.S. Bank Trust National Association, a national banking association, acting as fiscal agent for the Note (as hereafter defined) and hereinafter referred to and acting as escrow holder hereunder (the "Escrow Holder");

WITNESSETH:

WHEREAS, the Board of the CSD, for and on behalf of the Assessment District 93-1 (Summit Station), authorized the issuance of CSD Assessment District 93-1 (Summit Station) Limited Obligation Improvement Bonds dated August 1, 1994 and in the original principal amount of \$1,752,938.10 (the "Prior Bonds"), pursuant to the Act and a Bond Indenture dated as of August 1, 1994 (the "Prior Bond Document"), which Prior Bonds are subject to call and redemption on September 2, 2001 (the "Redemption Date");

WHEREAS, pursuant to proceedings under the Refunding Act of 1984 for 1915 Improvement Act Bonds (the "Refunding Act"), Resolution No. _____ adopted by the Board on May 16, 2001, and a Loan Agreement dated as of May 1, 2001 executed by the CSD (collectively, the "Refunding Documents"), the CSD has determined to issue, for on behalf of the CSD Reassessment District No. 93-1R (Summit Station), its Reassessment District No. 93-1R (Summit Station) Limited Obligation Refunding Note, dated June 6, 2001 in the aggregate principal amount of \$981,000 (the "Note") at this time for the purpose of providing funds to refund and defease the Prior Bonds;

WHEREAS, the CSD and the Escrow Holder wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the payment and redemption of the Prior Bonds in full, pursuant to and in accordance with the provisions of the Prior Bond Document;

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

Section 1. Establishment of Escrow Fund. There is hereby created an escrow fund designated the "Reassessment District 93-1R Prior Bonds Refunding Fund" (the "Escrow Fund") to be held in trust by the Escrow Holder as an irrevocable escrow securing the payment of the Prior Bonds, separate and apart from all other funds of the Escrow Holder as hereinafter set forth. The Escrow Holder shall administer the Escrow Fund as provided in this Agreement. All cash and securities in the Escrow Fund are hereby irrevocably pledged as a special fund for the payment of the principal of and interest and premium, if any, on the Prior Bonds in accordance with the provisions of this Agreement and the Prior Bonds Documents.

Section 2. Deposits into Escrow Fund. Concurrently with delivery of the Note, the CSD shall cause to be transferred to the Escrow Holder for deposit into the Escrow Fund the amount of \$1,151,813 in immediately available funds, which shall be derived from:

- (a) \$981,000 from the proceeds of sale of the Note, and

(b) \$170,813 from unexpended proceeds of the Prior Bonds.

Section 3. Investment of Amounts. All of the moneys deposited into the Escrow Fund pursuant to the preceding Section 2 shall be invested by the Escrow Holder in the securities identified in Exhibit A hereto (the "Escrow Securities"). The Escrow Holder shall assert no lien upon or right of set off against the cash and Escrow Securities at any time on deposit in the Escrow Fund.

Section 4. Instructions as to Escrow Holder. The Escrow Securities and all funds received on the maturity of the Escrow Securities deposited in the Escrow Fund hereunder shall be applied by the Escrow Holder for the sole purpose of paying the principal of and interest and premium, if any, on the Prior Bonds on the Redemption Date. Following payment in full of the principal of and interest and premium, if any, on the Prior Bonds, all amounts on deposit in the Escrow Fund shall be transferred by the Escrow Holder to the CSD for deposit into the Redemption Fund for the Note maintained under the Refunding Documents.

The Escrow Holder may utilize its corporate affiliate as a depository agent to hold any uninvested moneys in accordance with the provisions of this Agreement.

If at any time the Escrow Holder shall receive actual knowledge that the cash in the Escrow Fund will not be sufficient to make any payment required by Section 3 hereof, the Escrow Holder shall notify the CSD of such fact and the CSD shall immediately cure such deficiency from any source of legally available funds. The Escrow Holder shall have no obligation whatsoever to use its own funds to cure any such deficiency.

Section 5. Application of Certain Terms of Prior Bonds Documents. All of the terms of the Prior Bonds Document relating to the making of payments of the principal of and interest and premium on the Prior Bonds are incorporated in this Agreement as if set forth in full herein.

Section 6. Proceedings for Redemption of Prior Bonds. The CSD hereby irrevocably elects to redeem all of the outstanding Prior Bonds in full on September 2, 2001, the Redemption Date, pursuant to the provisions of the Prior Bonds Document. The CSD has caused a notice of such redemption to be given by the paying agent for the Prior Bonds as required by the Prior Bonds Document.

Section 7. Compensation to Escrow Holder. The CSD shall pay the Escrow Holder full compensation for its duties under this Agreement. Under no circumstances shall amounts deposited in or credited to the Escrow Fund be deemed to be available for said purposes. The obligation of the CSD under this Section 7 to pay compensation already earned by the Escrow Holder and to pay costs and expenses already incurred shall survive termination of this Agreement and shall survive the resignation or removal of the Escrow Holder.

Section 8. Liabilities and Obligations of Escrow Holder. The Escrow Holder shall have no obligation to make any payment or disbursement of any type unless the CSD shall have deposited sufficient funds therefor with the Escrow Holder. The Escrow Holder shall have no obligation to incur any financial liability in the performance of its duties under this Agreement. The Escrow Holder may rely and shall be fully protected in acting upon the written instructions of the CSD or its agents relating to any matter or action as Escrow Holder under this Agreement.

To the extent permitted by law, the CSD covenants to indemnify, defend and hold harmless the Escrow Holder and its officers, employees, directors, and agents, against any loss, liability or expense, including legal fees (including the fees of outside counsel and internal attorneys), incurred in connection with the performance of any of the duties of Escrow Holder hereunder, except the Escrow Holder shall not be indemnified against any loss, liability or expense resulting from its negligence or willful misconduct. The

indemnity provided in this Section 8 shall survive the termination of this Agreement and shall survive the resignation or removal of the Escrow Holder.

The Escrow Holder shall have such duties as are expressly set forth herein and no implied duties shall be read into this Agreement against the Escrow Holder. The Escrow Holder shall not be liable for any act or omission of the CSD under this Agreement, the Prior Bonds Document or the Refunding Documents. The Escrow Holder shall not be liable for the accuracy of any calculations provided as to the sufficiency of moneys or the Federal Securities deposited with it to pay the principal, interest or premiums, if any, on the Prior Bonds. The Escrow Holder shall incur no liability for losses arising from any investment or other disposition made pursuant to and in accordance with this Agreement.

Any bank, federal savings association or trust company into which the Escrow Holder may be merged or with which it may be consolidated shall become the Escrow Holder without any action of the CSD. Any corporation succeeding to all or substantially all of the corporate trust business of the Escrow Holder shall be the successor of the Escrow Holder hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

The Escrow Holder shall have no liability or obligation to the owners of the Prior Bonds, or the Note with respect to the payment of debt service by the CSD or with respect to the observance or performance by the CSD of the other conditions, covenants and terms contained in the Refunding Documents, or with respect to the investment of any moneys in any fund or account established, held or maintained by the CSD pursuant to the Refunding Documents.

The Escrow Holder may conclusively rely, as to the trust of the statements and correctness of the opinions expressed therein, on any certificate or opinion furnished to it in accordance with this Agreement or the Prior Bonds Documents. The Escrow Holder may consult with counsel, whose opinion shall be full and complete authorization and protection to the Escrow Holder if it acts in accordance with such opinion. The Escrow Holder shall not be liable for any error of judgment made in good faith by an authorized officer.

Nothing herein should be interpreted to require the Escrow Holder to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or the exercise of any of its rights hereunder.

Section 9. Resignation of Escrow Holder. The Escrow Holder may at any time resign by giving written notice to the CSD, which notice shall indicate the date on which the resignation is to be effective (the "resignation date"). The CSD shall promptly appoint a successor Escrow Holder by the resignation date. Resignation of the Escrow Holder will be effective upon acceptance of appointment by a successor Escrow Holder. If the CSD does not appoint a successor Escrow Holder by the resignation date, the Escrow Holder may, at the expense of the CSD, petition any court of competent jurisdiction for the appointment of a successor Escrow Holder, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Holder.

Section 10. Amendment. This Agreement shall not be repealed, revoked, rescinded, altered, amended or supplemented in whole or in part without the written consent of (i) the holders of one hundred percent (100%) in principal amount of the unpaid Prior Bonds at the time such consent is requested and (ii) the Escrow Holder; provided, however, that the CSD and the Escrow Holder may, without the consent of or notice to the holders of the Prior Bonds, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and shall not be inconsistent with the terms and provisions of this Agreement:

- (1) to cure any ambiguity or formal defect or omission in this Agreement;

(2) to grant to or confer upon the Escrow Holder for the benefit of the holders of the Prior Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Escrow Holder; and

(3) to provide for the deposit of additional moneys or Federal Securities to the credit of the Escrow Fund.

The Escrow Holder shall be entitled to rely conclusively upon an unqualified opinion of a nationally recognized firm of municipal bond attorneys with respect to compliance with this Section 13, including the extent, if any, to which any change, modification, addition or elimination affects the rights of such holders of the Prior Bonds or that any instrument executed hereunder complies with the conditions or provisions of this Section 13.

Section 11. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Escrow Holder in trust for the payment and discharge of the principal of, and the interest and any premium on, the Prior Bonds which remains unclaimed for two (2) years after the date when the payment of such principal, interest and premium have become payable, if such moneys were held by the Escrow Holder at such date, shall be repaid by the Escrow Holder to the CSD as its absolute property free from any trust, and the Escrow Holder shall thereupon be released and discharged with respect thereto and the owners of such Prior Bonds shall look only to the CSD for the payment of the principal of, and interest and any premium on, such Prior Bonds. Any right of any owner of any Prior Bond to look to the CSD for such payment shall survive only so long as required under applicable law.

Section 12. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the CSD and the Escrow Holder have each caused this Agreement to be executed by their duly authorized officers all as of the date first above written.

BNY WESTERN TRUST COMPANY,
as Escrow Holder

By: _____
Authorized Officer

NIPOMO COMMUNITY SERVICES DISTRICT

By: _____
General Manager

[Insert Verification Report]

EXHIBIT B

TO: BOARD OF DIRECTORS
FROM: DOUG JONES *D*
DATE: MAY 16, 2001

AGENDA ITEM
MAY 16 2001



DISTRICT ANNEXATION POLICY

ITEM

Approving revisions to the District's annexation policy

BACKGROUND

At the regular Board meeting held on May 2, 2001, the Board of Directors reviewed the District's Annexation Policy, which was established in 1983 and modified in 1996 with respect to water supplies. The Board took Public Comments on the proposed modifications and continued this item to the May 16th meeting for consideration of approving the revisions to the Annexation Policy.

The District advertised in the local papers that the Board will review the existing Annexation Policy at the Board Meeting on May 16, 2001. Two copies have been distributed to the public.
- Two letters have been received on the annexation matter and are enclosed.

Annexations are routinely requested by the landowner/developer requesting services from the District. Normally, this occurs after the landowner has been to the Land Use Authority (the County) and received approval from the County to proceed with their proposed development. The landowner, after receiving tentative approval from the County, would request annexation to the District for utility services.

The modification to the existing annexation policy is made to address current events and conditions and LAFCO's guidelines.

RECOMMENDATION

Since the Annexation Policy was adopted by Ordinance, it is recommended that the Ordinance be repealed which will take a first and second reading to repeal the existing Ordinance. Board policies, such as adopting By-Laws, Annexations and other administrative procedures are more appropriately adopted by Resolutions. Attached for the Board's review is an Ordinance repealing the existing Ordinance with respect to annexation policy and a Resolution adopting the new annexation policy.

ORDINANCE NO. 2001-91

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
REPEALING SECTIONS 40 AND 41 OF ORDINANCE 98-87,
SECTION 14 OF ORDINANCE 79-35
AND SECTION 18 OF ORDINANCE 78-27**

WHEREAS, based upon facts and analysis presented by Staff, the Staff Report, and public testimony received, the Nipomo Community Services District Board of Directors (District) finds:

A. This public meeting has been properly noticed pursuant to Government Code Section 54954.2 (The Brown Act); and

B. That adopting and amending annexation policies by Resolution provides the District with greater flexibility in addressing annexation issues.

NOW, THEREFORE, BE IT ORDAINED, by the Board of Directors of the District as follows:

Section 1: Repeal of Prior Ordinances and Resolutions

All ordinances, sections of ordinances, including Section 40 and 41 of Ordinance 98-87, Section 14 of Ordinance 79-35 and Section 18 of Ordinance 78-27, that establish the District annexation policies are hereby repealed.

Section 2: Repeal Shall not Revive any Ordinances.

The repeal of ordinances and sections of ordinances herein shall not repeal the repealing clause of such ordinances or revive any ordinances which have been repealed thereby.

Section 3: Effect of Repeal on Past Actions and Obligations.

This ordinance does not affect prosecutions for ordinance violations committed prior to the effective date of this ordinance, does not waive any fee or penalty due and unpaid on the effective date of this ordinance, and does not affect the validity of any bond or cash deposit posted, filed or deposited pursuant to the requirements of any ordinance.

ORDINANCE NO. 2001-91
PAGE 2

AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
REPEALING SECTIONS 40 AND 41 OF ORDINANCE 98-87,
SECTION 14 OF ORDINANCE 79-35
AND SECTION 18 OF ORDINANCE 78-27

Section 4: Severance Clause.

If any section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be unconstitutional, ineffective or in any manner in conflict with the laws of the United States, or the State of California, such decision shall not affect the validity of the remaining portions of this ordinance. The Governing Board of the District hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsection, sentence, clause or phrase be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

Section 5: Effect of Headings in Ordinance.

Title, division, part, chapter, article, and section headings contained herein do not in any manner affect the scope, meaning, or intent of the provisions of this Ordinance.

Section 6: Effective Date.

This ordinance shall take effect and be in full force and effect thirty (30) days after its passage. Before the expiration of fifteen (15) days after passage it shall be posted in three (3) public places with the names of the members voting for and against the ordinance and shall remain posted thereafter for at least one (1) week. The ordinance shall be published once with the names of the members of the Board of Directors voting for and against the ordinance in the Five Cities Times Press Recorder.

ORDINANCE NO. 2001-91
PAGE 3

AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
REPEALING SECTIONS 40 AND 41 OF ORDINANCE 98-87,
SECTION 14 OF ORDINANCE 79-35
AND SECTION 18 OF ORDINANCE 78-27

Introduced at a regular meeting of the Board of Directors held on _____,
and passed and adopted by the Board of Directors of the Nipomo Community
Services District on the ____ day of May, 2001, by the following roll call vote, to
wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

ROBERT BLAIR,
President of the Board
Nipomo Community Services District

ATTEST:

DONNA JOHNSON
Secretary to the Board

APPROVED AS TO FORM:

JON S. SEITZ
District Legal Counsel

RESOLUTION NO. 2001-770

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING AN ANNEXATION POLICY**

WHEREAS, the Nipomo Community Services District Board of Directors (District) finds that it is in the best interest of the District to adopt an annexation policy to guide the District in evaluating proposals for annexation to the District.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT AS FOLLOWS:

1. The Annexation Policy attached hereto as Exhibit "A" is hereby approved and adopted as the Annexation Policy of the Nipomo Community Services District.
2. An annexation fee is hereby established at five hundred dollars per acre, or per parcel less than one acre, as established by prior Ordinance.
3. All prior resolutions and motions that establish District annexation policies are hereby repealed.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

the foregoing resolution is hereby adopted this 16th day of May, 2001.

Robert Blair,
President, Board of Directors
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM

Donna K. Johnson,
Secretary to the Board

Jon S. Seitz,
District Legal Counsel

EXHIBIT "A"
REVISIONS TO ANNEXATION POLICY

THE ANNEXATION POLICY
OF THE
NIPOMO COMMUNITY SERVICES DISTRICT

MAY 2001

I. PURPOSE

In order to promote efficient processing of all requests for annexation to the Nipomo Community Services District, this policy documents the present basis upon which this Board of Directors will evaluate such requests and provides notice thereof to the owners of the property which is the subject of such requests.

II. INTENT

The Board of Directors intends to review all annexation requests with the aim of supporting the viability of the Nipomo Community Services District in providing essential services. The Nipomo Community Services District must be operated so as to best provide:

Low cost water, sewerage and other authorized services for the residents of the Nipomo Community Services District.

Efficient governmental services for orderly land use development within the District, conservation of natural and environmental resources, including local water resources; its availability and quality, growth consistent with the General Plan of San Luis Obispo County and the established policies of the Local Agency Formation Commission, including specifically the Commission's adopted spheres of service and influence for Nipomo Community Services District.

III. GENERAL POLICIES

A. In order to provide for the orderly development of public service facilities, only those properties will be considered for annexation for which the owners are willing to accept all conditions for service required by the Nipomo Community Services District. More specifically, but without limitation, requests for annexation solely for sewerage services to the exclusion of water service will be considered on an individual basis but generally will be discouraged by the Board of Directors.

Further, the District generally will not attempt to require the annexation of territory over the objections of the owners of the property to be annexed.

B. In order to evaluate the impacts of a potential annexation upon the Nipomo Community Services District, the Board of Directors will consider only annexation requests which include the submittal of a comprehensive use or development plan for the subject property in sufficient detail to provide a complete picture of the full impact of the annexation in the foreseeable future upon the District's long term water resources, water distribution facilities, sewerage services, financial program and other services required.

EXHIBIT "A"
REVISIONS TO ANNEXATION POLICY
THE ANNEXATION POLICY
OF THE
NIPOMO COMMUNITY SERVICES DISTRICT

MAY 2001

If any such use or development plan requires future County approvals (for example, zoning or subdivision), the District's approval of the annexation shall be conditioned upon the owners obtaining such County approvals before the annexation becomes effective.

- C. After review of the use or development plan, the Board of Directors will consider annexation request where it can be demonstrated that:

There is a bona fide need for Nipomo Community Services District Services at the site of the proposed annexation in the immediate future or in conformance with a phased plan of development approved by San Luis Obispo County.

The proposed annexation will provide identified benefits to: (1) the future residents and property owners within the annexed area; and (2) the residents and property owners of the remainder of the Nipomo Community Services District.

- D. The proposed annexation area boundary should include all properties that may receive the proposed services to be provided. i.e. Use Rear Property lines rather than streets as boundary lines.
- E. The District is opposed to the formation of homeowner associations for the operation of water and/or sewer systems in the Nipomo Mesa area. Typically, associations lose efficiency over time and it becomes necessary for a public entity to take over their operations. A public entity operating from the beginning would eliminate the later acquisition and rejuvenation of the system at a potential additional cost to the property owners.

IV. GENERAL STANDARDS

- A. The Board of Directors will consider the present capacity of its public facilities and the adequacy of those facilities to provide services to its current residents receiving service, those properties within the District that have paid capacity charges (issued Will-Serve Letters) but not currently being served, and other undeveloped property within the District boundaries.
- B. The Board of Directors will only consider annexations where it can be demonstrated that:
1. There is excess service capacity to provide services to the area of proposed annexation or:

EXHIBIT "A"
REVISIONS TO ANNEXATION POLICY

THE ANNEXATION POLICY
OF THE
NIPOMO COMMUNITY SERVICES DISTRICT

MAY 2001

2. The applicant demonstrates to the satisfaction of the Board of Directors that applicant, at its sole cost, is prepared to develop and dedicate to the District appropriate resource capacity to supply the area of annexation with District services prior to commencing construction of residential and/or commercial units.
- C. The District will consider a supplemental water in-lieu fee, which may be established from time to time, to acquire a supplemental water supply, provided that the Board of Directors first determines that there is adequate excess capacity to supply the area of annexation during the period of time reasonably determined to acquire said supplemental water.
- D. The Board will only consider "island" annexations when it can be demonstrated that the irregular boundaries represent the most logical and orderly service area of the District and the applicant is willing to extend adequate facilities at no cost to the Nipomo Community Services District.
- E. The Board of Directors will consider the policies of the Local Agency Formation Commission that apply to annexations and spheres' of influence.

V. ANNEXATION AGREEMENT

The applicant for annexation shall be required to enter into an Annexation Agreement. Said Annexation Agreement shall provide:

- A. That all infrastructure and service line extensions shall be designed and constructed at no cost to District in accordance with District's standards.
- B. Reimburse District for its costs in processing the annexation, including administrative costs, legal costs and engineering costs.
- C. Payment of applicable District capacity, meter and connection charges.

EXHIBIT "A"
REVISIONS TO ANNEXATION POLICY
THE ANNEXATION POLICY
OF THE
NIPOMO COMMUNITY SERVICES DISTRICT

MAY 2001

VI. SUBMITTAL OF ANNEXATION REPORT

Prior to consideration by this Board of Directors, the proponents of any annexation request must prepare a comprehensive written report for submission to the District to demonstrate that the annexation would conform to this Annexation Policy.

VII. ANNEXATION - ASSESSMENT OF FEE

- A. All property hereafter annexed to the District shall be assessed a fee, as established by Resolution of the Board of Directors to be paid by the developer to the District at the time of application for annexation.
- B. If the Board fails to adopt an annexation resolution within a reasonable time after payment of the fees, the fee shall be returned to the person or persons paying the same, less an amount necessary in preparing the necessary forms of the District, not to exceed fifty dollars.
- C. All other provisions of this chapter shall be in full force and affect from the time of acceptance of the annexation by the Board.

May 5, 2001

Doug Jones, District Manager
Nipomo Community Services District
148 Wilson Street
Nipomo, CA 93444

Dear Mr. Jones,

I am writing to protest that which I read in the Tribune (May 3rd edition) "the NCSD wants to revise its annexation policy." I am speaking to the revision that would take the current policy of requiring developers who want to develop to either 1) participate in the program which retrofits older houses with water-saving devices (not a viable option any more since the older homes are now already retrofitted), or 2) requiring a 5-year well record to show there is enough water under that site for the development.

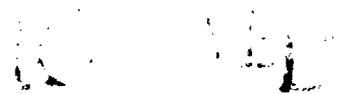
You want to change this plan to read: "annexations will be considered if the applicant agrees to "develop and dedicate...appropriate resource capacity." How does this thinking protect existing homeowners, green house growers, farmers and the like from water depletion as you pump water from "my" area to another's such as the Bluffs? The NCSD is already involved in litigation and has taken the position that you are overdrafting the basin. This policy change would make it easier for your organization to take more water that is not in your district. It would be one thing if we had substantial water resources...BUT we don't.

I strongly protest this amendment and think it will allow more illegal pumping from what you have stated under penalty of perjury to be an over drafted basin.

Sincerely,



Barbara Schader
419 Calle Cielo
Nipomo, CA 93444



MAY 10 2001

NIPOMO COMMUNITY SERVICES DISTRICT

May 5, 2001

Doug Jones, District Manager
Nipomo Community Services District
148 Wilson Street
Nipomo, CA 93444

Dear Mr. Jones,

I am writing to protest that which I read in the Tribune (May 3rd edition) "the NCS D wants to revise its annexation policy." I am speaking to the revision that would take the current policy of requiring developers who want to develop to either 1) participate in the program which retrofits older houses with water-saving devices (not a viable option any more since the older homes are now already retrofitted), or 2) requiring a 5-year well record to show there is enough water under that site for the development.

You want to change this plan to read: "annexations will be considered if the applicant agrees to "develop and dedicate...appropriate resource capacity." How does this thinking protect existing homeowners, green house growers, farmers and the like from water depletion as you pump water from "my" area to another's such as the Bluffs? The NCS D is already involved in litigation and has taken the position that you are overdrafting the basin. This policy change would make it easier for your organization to take more water that is not in your district. It would be one thing if we had substantial water resources...BUT we don't.

I strongly protest this amendment and think it will allow more illegal pumping from what you have stated under penalty of perjury to be an over drafted basin.

Sincerely,

Marianne Buckmyer
1910 Grant Ave
Avocado Grande

RECEIVED
MAY 5 2001
NIPOMO COMMUNITY SERVICES DISTRICT

Stop trying to steal the water

To the Editor:

Another local paper recently printed "the NCSO wants to revise its annexation policy." I am speaking to the revision that would take the current policy of requiring developers who want to develop to either 1) Participate in the program which retrofits older houses with water-saving devices (not a viable option any more since the older homes are now already retrofitted); or 2) Requiring a five-year well record to show there is enough water under that site for the development.

The NCSO wants to change this plan to read: "Annexations will be considered if the applicant agrees to 'develop and dedicate ... appropriate resource capacity.'" How does this thinking protect existing homeowners, greenhouse growers, farmers and the like from water deletion as the NCSO pumps water from 'my' area to another's such as the Bluff's? The NCSO is already involved in litigation pertaining to overdrafting the basin. This policy change would make it easier for them to take more water that is not in their district. It would be one thing if we had substantial water resources. BUT we don't.

**Marianne Buckmeyer
Rural Arroyo Grande**

ANNEXATION

TT 5/3/01

Policy change would scrap 5-year water-well rule

NIPOMO

By STEPHANIE FINUCANE
THE TRIBUNE

The Nipomo Community Services District is considering a new annexation policy that would allow the agency to annex land behind the Santa Maria Speedway, where 77 homes are planned.

Under current policy, that property can't be annexed because it doesn't have a proven water supply, which is defined as a water well with a five-year track record.

The new policy would do away with the five-year requirement, making the annexation possible.

Doug Jones, general manager of the Community Services District, described the proposed revisions as minor.

But Jesse Hill, who chairs the Nipomo Community Advisory Committee, called the revisions "highly growth inducing."

"This is a tremendous change in policy. ..." he said at Wednesday's meeting. "To put it through as some minor change in policy

Wanted: Your comments

A new annexation policy proposed for the Nipomo Community Services District will be considered at a meeting on May 16 at the district office, 148 S. Wilson St.

The meeting will be at the regular time - 10:30 a.m. - but if the public is interested in a nighttime session, one

may be scheduled at a later date, according to district General Manager Doug Jones.

Meanwhile, district officials are encouraging written comments from the public. Those should be submitted by May 11. Copies of the proposed new policy are available at the Community Services District office.

is hogwash."

Under current policy, annexation applications are considered if a property has an existing well with a five-year record; if the developer brings in supplemental water to serve the development; or if the applicant agrees to take part in a water conservation program by retrofitting older homes with low-flow toilets and other water-saving devices.

The conservation program has been highly successful — so

much so, the district has nearly run out of older homes to retrofit.

Instead of requiring retrofitting or a five-year well record, the new policy says that annexations will be considered if the applicant agrees to "develop and dedicate... appropriate resource capacity."

It also says annexations can be considered if the applicant agrees to pay a fee that would go toward purchase of supplemental water.


The amount of that fee hasn't been set, since district officials

are waiting for a report that will estimate the costs of supplemental water. The report — which is looking at several alternatives, including state water and desalination — is due later this month.

Nipomo officials have been talking about revising the district's annexation policy for several months, but the issue has come to the forefront in light of the pending annexation of property behind the speedway.

Most district directors support that annexation. They think it would be better to have a public agency operate the subdivision's water and septic systems rather than a private homeowners' association.

But several Nipomo residents have opposed the annexation, fearing it will lead to development of the entire stretch of vacant land between Nipomo and the race-track. They also question whether it's an appropriate place for a housing tract, given that a nearby chunk of blufftop property eroded away during the March storm.

TO: BOARD OF DIRECTORS
FROM: DOUG JONES 
DATE: MAY 16, 2001

AGENDA ITEM
MAY 16 2001



REQUEST FOR ANNEXATION
TRACT 1802 & 1856 (TRINCON)

ITEM

Review draft annexation agreement for annexation of 82 acre development near the Santa Maria Speedway

BACKGROUND

At the regular Board meeting held on May 2, 2001, the Board of Directors reviewed the request for annexation from developer of Tracts 1802 and 1856.

The Board of Directors directed staff prepare a draft annexation agreement for this proposed annexation for the Board's review at which time it was brought to the Board for consideration at the next regular Board meeting to be held on June 6, 2001. Attached is the draft annexation agreement for the proposed annexation.

RECOMMENDATION

The Board may direct staff to amend the draft annexation agreement which will be brought back to your Honorable Board on June 6, 2001.

Board 2001\Annex 1802 & 18565.DOC

ADMINISTRATIVE DRAFT FOR DIRECTOR
AND STAFF REVIEW AND COMMENTS

Exhibit A: Legal Description
Exhibit B: LAFCO Application Requirements
Exhibit C: LAFCO Information Sheet
Exhibit D: General Standards for Evaluation of Proposals
Exhibit E: Sphere of Influence Policies & Criteria
Exhibit F: NCSD Annexation Policies
Exhibit G: District Staff Rates

RECORDING REQUEST BY AND
WHEN RECORDED RETURN TO:
NIPOMO COMMUNITY SERVICES DISTRICT
P.O. Box 326
Nipomo, CA 93444

DRAFT

APN# 090-301-018,34

**ANNEXATION AGREEMENT
BETWEEN THE NIPOMO COMMUNITY SERVICES DISTRICT
AND
TRINCON, INC.**

THIS AGREEMENT, made this ___ day of _____, 2001
by and between the Nipomo Community Services District,
(herein referred to as District), and Trincon, Inc., a
California Corporation, (hereinafter referred to as
("Applicant")), with reference to the following recitals.

A. Applicant is the owner of certain real property
(herein the Property) located at _____
(needs to be completed). The subject property is
approximately 82 acres in area and is non contiguous with
District boundaries and is located outside the District's
Sphere of Influence, as established by the Local Agency
Formation Commission (herein "LAFCO"). The Property is
more particularly described on Exhibit A attached hereto
and incorporated herein by reference.

B. Applicant desires to annex The Property into the District. The annexation process is referred to herein as "The Project".

C. The cost of processing The Project includes application fees, preparation of legal descriptions, environmental assessment expenses, processing costs, District costs and LAFCO costs. Applicant acknowledges responsibility for payment of all processing costs of the District.

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. **Phases.**

The Project will be processed in phases as follows:

A. **Phase I.**

Phase I shall consist of the District's approval of (i) studies and/or proposals for the Project's compliance with the District's annexation policies, and (ii) studies and reports related CEQA compliance

B. **Phase II.**

Phase II will consist of processing the Project for LAFCO approval.

2. **Payment of Costs**

A. Applicant agrees to pay the District all incurred costs, both indirect and indirect, associated with the processing of The Project for annexation. These costs include, but are not limited to, District staff time, preparation of environmental documentation, planning, engineering, legal services, and retaining professional consultants.

B. **Deposit for District Services**

At the time of execution of this Agreement, Applicant shall deposit with the District the sum of \$ _____ for District services more particularly

DRAFT

described in subparagraph A, above. The Applicant authorizes the District to withdraw from the deposit payment for services pursuant to this Agreement as they are incurred by District.

District will notify Applicant whenever the deposit is reduced to \$_____ or less. Within 15 days after such notification is mailed, Applicant shall make an additional deposit in the same amount as the initial deposit.

Upon completion of the annexation, any funds so deposited by Applicant in excess of the District's costs shall be refunded to the Applicant. Conversely, any costs incurred by the District over and above the amount requested by Applicant shall be paid by Applicant upon demand.

3. Obligation of Applicant

In addition to the obligations of Applicant referenced in this Agreement, the Applicant will have the following additional obligations:

- A. Phase I: Provide information, studies and proposals as requested by District for analysis, processing and/or approvals.
- B. Phase II: At its sole cost, process the Project through LAFCO.
- C. District Plan Check and Inspection Agreement

Prior to the District issuing a Will-Serve Letter for future development of the area of the proposed annexation, Applicant will enter into District's Standard Plan Check and Inspection Agreement.

- D. Water and Sewer Infrastructure

Applicant agrees to construct and provide water and sewer service, to the satisfaction of District, to the area of annexation and the development contained therein, at no cost to the District.

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4. Obligation of DISTRICT

The District will use its best efforts to process The Project. Both Applicant and the District understand and agree that processing The Project by the District and the LAFCO will require many discretionary approvals. Therefore, there are no promises or guarantees that The Project will be successfully processed/approved by the District and/or LAFCO. Attached hereto are the following Exhibits which include many of the LAFCO and District policies that relate to The Project.

Exhibit B - LAFCO Application Requirements

Exhibit C - LAFCO Information Sheet

Exhibit D - General Standards for Evaluation of Proposals

Exhibit E - Sphere of Influence Policies and Criteria

Exhibit F - NCSD Annexation Policies

Exhibit G - District Staff Rates

In the event that The Project is withdrawn or not approved, then the District will return the unused deposit to Applicant as provided in Section 1 (B), above.

District staff time and consultant time will be charged at the rates described in Exhibit G, attached hereto.

5. Indemnification and Hold Harmless

To the extent allowable by law, Applicant agree to hold District harmless from costs and expenses, including attorneys' fees, incurred by District or held to be the liability of District in connection with District's defense of its actions in any proceeding brought in any State or Federal court challenging the District's actions with respect to the project. Applicant understands and acknowledges that District is under no obligation to defend any legal actions challenging the District's actions with respect to The Project.

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The Applicant recognizes and hereby agrees that the District and its directors, officers, employees and agents shall not be liable for any injury or death to any person or damage to any property arising from the performance of any work required hereunder by the Applicant, its officers, employees, independent contractors or agents. The Applicant shall protect, indemnify and hold the District harmless from any and all claims, causes of actions, demands or charges and from any loss or liability, including all costs, penalties, expenses, attorney's fees, litigation costs, and other fees arising out of or in any way connected with the performance or with the failure to perform under this Agreement by Applicant, its officers, employees, independent contractors or agents, including, but not limited to, the construction of the Project. In addition, if the District, its directors, officers, employees or agents should be sued as a result of such performance, the District may notify the Applicant which then shall have the duty to defend the District, its directors, officers, employees or agents, or, at the District's option, pay for such defense including, but not limited to, payment of all reasonable attorney's fees and expenses incurred by the District, its directors, officers, employees or agents.

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6. Term of Agreement and Termination

This Agreement shall become effective on the date first above written and shall remain in effect until terminated by the mutual consent of the parties or as otherwise provided in this Agreement

7. Waiver of Rights

Any waiver at any time by either party hereto of its rights with respect to a breach or default, or any other matter arising in connection with this Agreement, shall not be deemed to be a waiver with respect to any other breach, default or matter.

8. Entire Agreement

This Agreement is freely and voluntarily entered into by the parties after having the opportunity to consult with their respective attorneys. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect.

The parties, in entering into this Agreement, do not rely on any inducements, promises, or representations made by each other, their representatives, or any other person, other than those inducements, promises, and representations contained in this Agreement. Any amendment to this Agreement shall be of no force and effect unless it is in writing and signed by the Applicant and the District.

9. Notices

All notices, statements, reports, approvals, requests, bills or other communications that are required either expressly or by implication to be given by either party to the other under this Agreement shall be in writing and signed for each party by such officers as each may, from time to time, be authorized in writing to so act. All such notices shall be deemed to have been received on the date of delivery if delivered personally or three (3) days after mailing if enclosed in a properly addressed and stamped envelope and deposited in a United States Post Office for delivery. Unless and until formally notified otherwise, all notices shall be addressed to the parties at their addresses as shown below:

NIPOMO COMMUNITY SERVICES DISTRICT

P.O. Box 326
Nipomo, CA 93444

TRINCON:

124 W. Main St. #C
Santa Maria, CA 93453

10. Headings

The paragraph headings used in this Agreement are for reference only, and shall not in any way limit or amplify the terms and provisions hereof, not shall they enter into the interpretation of this Agreement.

11. Cooperation

Each party to this Agreement agrees to do all things that may be necessary, including, without limitation, the execution of all documents which may be required hereunder, in order to implement and effectuate this Agreement.

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12. Interpretation of this Agreement

The parties acknowledge that each party and its attorney have reviewed, negotiated and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any document executed and delivered by any party in connection with the transactions contemplated by this Agreement.

13. Venue

This Agreement has been executed and delivered in the State of California and the validity, enforceability and interpretation of any of the clauses of this Agreement shall be determined and governed by the laws of the State of California. The duties and obligations of the parties created hereunder are performable in San Luis Obispo County and such County shall be the venue for any action or proceeding that may be brought or arise out of, in connection with or by reason of this Agreement.

DRAFT

14. Recitals

The recitals A through D of this Agreement are incorporated herein by this reference and made a part hereof.

15. Authority to Execute Agreement

The parties hereby represent that the parties executing this agreement are expressly authorized to do so for and on behalf of the parties.

The undersigned Owner/Authorized Agent hereby represents that he/she either personally owns the subject property or is a duly authorized agent of the Owner with full authority to execute this Agreement on behalf of Owner. Applicant agrees to be jointly and severally liable with Owner for payment of all fees due under this Agreement.

////

////

In Witness Whereof, District and Applicant have executed this Agreement the day and year first above written.

APPLICANT:

By: _____

Print Name

Title

DISTRICT:

By: _____
Robert Blair, President

DRAFT

Attest:

Approved as to Form

Donna Johnson
Secretary to the Board

Jon S. Seitz,
District Legal Counsel

T:\Jon\CLIENT\INCSD\Matters\BLUFFS ANNEX F-216\ANNEX 05-09-01.doc

WARRANTS MAY 16, 2001

HAND WRITTEN CHECKS

18439	05/02/01	PGE			
18440	05/02/01	PERS			\$14,116.36
18441	05/08/01	POSTMASTER			1,938.62
					62.40

VOID 5784, 5807, 5828

005847	05/16/01	GIL01	GLM		217.00
005848	05/16/01	GRO01	GROENIGER & CO		1107.45
005849	05/16/01	IKO01	IKON OFFICE SOLUTIONS		118.85
005850	05/16/01	KAM01	KAMAN INDUSTRIAL TECH		106.71
005851	05/16/01	KIN01	KINKO'S		101.59
005852	05/16/01	MID05	MID STATE BANK PETTY CASH		110.18
					21.23
					32.28

					163.69
005853	05/16/01	MIS01	MISSION UNIFORM SERVICE		221.55
005854	05/16/01	MOB01	RICHARD MOBRAATEN		100.00
005855	05/16/01	NIP01	NIPOMO ACE HARDWARE INC		91.05
005856	05/16/01	NIP02	NIPOMO GARBAGE		42.50
					14.55

					57.05
005857	05/16/01	NIP03	NIPOMO SHELL		1110.71
005858	05/16/01	PGE01	P G & E		21.23
005859	05/16/01	PIO01	PIONEER EQUIPMENT CO		349.01
005860	05/16/01	SAN04	SANTA MARIA TIMES		51.29
005861	05/16/01	SHI01	SHIPSEY & SEITZ, INC		6597.50
005862	05/16/01	SIM02	ALBERT SIMON		100.00
005863	05/16/01	SIM03	SIMMONS, TOLBERT		323.25
005864	05/16/01	SLO02	DIV OF ENVIRON HEALTH		120.00
					120.00

					240.00
005865	05/16/01	THE01	THE GAS COMPANY		1240.62
005866	05/16/01	VER01	VERIZON		29.18
					28.39

					57.57
005867	05/16/01	WIN01	MICHAEL WINN		100.00
005868	05/16/01	WIR02	WIRSING, JUDY		100.00

COMPUTER GENERATED CHECKS

5821	05/01/01	EMP01	EMPLOYMENT DEVELOP DEPT		341.77
5822	05/01/01	MID01	MID STATE BANK		1580.58
					386.30

					1966.58
5823	05/01/01	MID02	MIDSTATE BANK - DIRECT DP		11612.16
5824	05/01/01	SIM01	DEBRA SIMMONS		150.00
5825	05/01/01	STA01	STATE STREET GLOBAL		935.00
005826	05/09/01	BLA01	ROBERT L BLAIR		100.00
					387.14

					487.14
005827	05/09/01	MOB01	RICHARD MOBRAATEN		100.00
005828	05/09/01	SIM02	ALBERT SIMON		100.00
					-100.00

					.00
005829	05/09/01	WIN01	MICHAEL WINN		100.00
005830	05/09/01	WIR02	WIRSING, JUDY		100.00
005831	05/16/01	ADV01	ADVANTAGE ANSWERING PLUS		105.95
005832	05/16/01	AMI00	AMICK CONSTRUCTION CO, INC		8462.25
005833	05/16/01	AWW02	AMERICAN WATER WORKS ASSO		21.60
005834	05/16/01	BAS01	BASIC CHEMICAL SOLUTIONS		934.82
					352.74

					1287.56
005835	05/16/01	BLA01	ROBERT L BLAIR		100.00
005836	05/16/01	BOY01	BOYLE ENGINEERING CORP		10257.11
005837	05/16/01	COM01	COMPUTER NETWORK SERVICES		351.50
005838	05/16/01	COS01	COSTCO		255.00
005839	05/16/01	CRE01	CREEK ENVIRONMENTAL LABS		30.00
					30.00
					30.00
					30.00

					120.00
005840	05/16/01	DAN01	DANONE WATERS		17.70
005841	05/16/01	EDA01	EDA		2933.34
005842	05/16/01	FAR01	FARM SUPPLY COMPANY		128.99
005843	05/16/01	FED01	FED EX		14.04
005844	05/16/01	FGL01	FGL ENVIRONMENTAL		254.40
					44.80
					44.80
					44.80
					44.80
					44.80
					44.80

					44.80
005844	05/16/01	FGL01	FGL ENVIRONMENTAL		44.80

					916.80
005845	05/16/01	FIR01	FIRST AMERICAN REAL EST		80.58
					188.04

					268.62
005846	05/16/01	GAR01	GARING TAYLOR & ASSOC		906.00
					1812.60

					2718.60

NIPOMO COMMUNITY SERVICES DISTRICT
MINUTES

MAY 9, 2001

AGENDA ITEM



MAY 16 2001

SPECIAL MEETING 1:30 P.M.
BOARD ROOM 148 S. WILSON STREET NIPOMO, CA

BOARD MEMBERS

ROBERT BLAIR, **PRESIDENT**
AL SIMON, **VICE PRESIDENT**
RICHARD MOBRAATEN, **DIRECTOR**
MICHAEL WINN, **DIRECTOR**
JUDITH WIRSING, **DIRECTOR**

STAFF

DOUGLAS JONES, **GENERAL MANAGER**
DONNA JOHNSON, **SEC. TO THE BOARD**
JON SEITZ, **GENERAL COUNSEL**

NOTE: All comments concerning any item on the agenda are to be directed to the Board Chairperson.

A. ROLL CALL

At Roll Call, the following Board members were present:
Directors Blair, Mobraaten, Winn and Wirsing.
Vice President Simon was absent

B. PUBLIC COMMENTS PERIOD

PUBLIC COMMENTS

The public has the right to comment on any item on the Special Meeting Agenda. Comments are limited to 3 minutes or otherwise at the discretion of the Board President.

There were no public comments.

C. STUDY SESSION

To review the District Fiscal Year 2001-2002 Budget

The Board of Directors conducted a study session on the Fiscal Year 2001-2002 Budget.
There were no public comments. No action was taken by the Board of Directors.

ADJOURN

President Blair adjourned the study session at 3:30 p.m.

MINUTES SUBJECT TO BOARD APPROVAL

NIPOMO COMMUNITY SERVICES DISTRICT

MINUTES

MAY 2, 2001

AGENDA ITEM #2

MAY 16 2001

REGULAR MEETING 10:30 A.M.

BOARD ROOM 148 S. WILSON STREET NIPOMO, CA

BOARD MEMBERS

ROBERT BLAIR, PRESIDENT
AL SIMON, VICE PRESIDENT
RICHARD MOBRAATEN, DIRECTOR
MICHAEL WINN, DIRECTOR
JUDITH WIRSING, DIRECTOR

STAFF

DOUGLAS JONES, GENERAL MANAGER
DONNA JOHNSON, SEC. TO THE BOARD
JON SEITZ, GENERAL COUNSEL

NOTE: All comments concerning any item on the agenda are to be directed to the Board Chairperson.

A. CALL TO ORDER AND FLAG SALUTE

With the President and the Vice President absent, Director Winn proposed that Director Mobraaten chair the meeting. Director Wirsing seconded and they all agreed.

Director Mobraaten called the meeting to order at 10:30 a.m. & led the flag salute

B. ROLL CALL

At Roll Call, the following Board members were present:

Directors Mobraaten, Winn and Wirsing.

President Blair and Vice President Simon were absent

C. PUBLIC COMMENTS PERIOD

PUBLIC COMMENTS

Any member of the public may address and ask questions of the Board relating to any matter within the Board's jurisdiction, provided the matter is not on the Board's agenda, or pending before the Board. Presentations are limited to three (3) minutes or otherwise at the discretion of the Chair.

Chairperson Mobraaten asked for Public Comment for subjects not on the agenda.

The following members of the public spoke:

Jessie Hill, Arroyo Grande - Gave Board a copy of a Notice of a Public Workshop held on May 1, 2001 on Proposition 13 Water Conservation Loan and Grant Proposal Recommendations. He also presented the Board with a map of this area and asked that it be displayed at Nipomo Community Services District.

Donna Mills, Nipomo, - Asked about the retrofits program and about the trailer on Tefft St.

D. ADMINISTRATIVE ITEMS (The following may be discussed and action may be taken by the Board.)

D-1) SOLID WASTE DISPOSAL ORDINANCE - PUBLIC HEARING

Adoption of an ordinance establishing rules & regulation to provide solid waste services

Chairperson Mobraaten opened the meeting to a Public Hearing.

District Legal Counsel, Jon Seitz, explained the Solid Waste Disposal ordinance. The plan is to adopt the County program. Chairperson Mobraaten asked for Public Comment.

There were no public comments.

Upon motion of Director Winn and seconded by Director Wirsing, the Board agreed to have legal counsel read the ordinance in title only. Mr. Seitz read the title of Ordinance 2001-90.

Upon motion of Director Winn and seconded by Director Wirsing, the Board unanimously approved Ordinance 2001-90. Vote 3-0

ORDINANCE 2001-90
AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING SOLID WASTE MANAGEMENT
RULES, REGULATIONS AND FEES AND CHARGES

MINUTES SUBJECT TO BOARD APPROVAL

D-2) DISTRICT ANNEXATION POLICY
Review revisions to the District's annexation policy

The Board reviewed the proposed Annexation Policy. Director Winn proposed that a special meeting be held next Wednesday evening when the President and Vice President could be in attendance.

The following members of the public spoke:

Vince McCarthy, Nipomo resident - Asked that the meeting could be held at a later date to get more information to the public.

Jesse Hill, Arroyo Grande, NCAC President - Asked that residents be mailed notification before the Board considered the new annexation policy. Asked if the Board considered AB 2838.

John Snyder, Nipomo - Asked Board to consider sewer service without water service.

Donna Mills, Nipomo resident - asked about timing when people's comments could be received at the District.

Upon motion of Director Winn and seconded by Director Wirsing, the Board unanimously agreed to hold table this item until the next regular Board meeting with Public Notice about the subject matter. Vote 3-0

D-3) DRUMM LANE SEWER REIMBURSEMENT (MITCHELL)
Review reimbursement spread for sewer line costs and set a public hearing

The Board reviewed the reimbursement spread to property owners based on the assessor's parcel map. Jay Johnson of the SLO Planning Department indicated that the County considered one APN as a single lot. The pro rata share is \$2,967.25 for each lot. There were no public comments

Upon motion of Director Winn and seconded by Director Wirsing, the Board unanimously agreed to set a public Hearing for June 6, 2001 at 10:30 a.m. in the District Board room for the Drumm Lane sewer reimbursement spread. Vote 3-0

D-4) REQUEST FOR ANNEXATION - TRACTS 1802 & 1856 (TRINCON)
Review annexation agreement to annex a 77-lot development on 82 acres near Santa Maria racetrack

The Board reviewed the request for annexation of Tracts 1802 and 1856. Director Winn suggested that the property cannot be annexed now with the current annexation policy.

The following members of the public spoke:

Evan Evanoff, District resident, NCAC member - against annexation of this area

Jessie Hill, NCAC President Arroyo Grande - spoke against annexation

Vince McCarthy, Nipomo - suggested that a full EIR be performed before annexation.

Director Wirsing does not want this annexation.

Upon motion of Director Winn and seconded by Director Wirsing, the Board unanimously agreed to continue this item until the Annexation Policy was established. The Board asked that an annexation agreement be drafted using the proposed annexation policy and that the annexation of Tracts 1802 and 1858 be tabled and considered at the June 6, 2001 meeting.

E. OTHER BUSINESS

E-1) DRAFT FISCAL YEAR 2001-2002 BUDGET
Presentation of the draft 2001-02 District Budget

A Study Session was set for Wednesday, May 9, 2001 at 1:30 p.m. to review the District's proposed budget for Fiscal Year 2001-2002.

There were no public comments.

F. 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 be removed. If discussion is desired, the item will be removed from the Consent Agenda and will be considered separately. Questions or clarification may be made by the Board members without removal from the Consent Agenda. The recommendations for each item are noted in parenthesis.*

- F-1) WARRANTS [RECOMMEND APPROVAL]
- F-2) BOARD MEETING MINUTES [RECOMMEND APPROVAL]
Approval of Minutes of April 4, 2001 Regular Board meeting
- F-3) THIRD QUARTER FINANCIAL STATEMENT [RECOMMEND RECEIVE AND FILE]

There were no public comments.

Upon motion of Director Wirsing and seconded by Director Winn, the Board unanimously approved all items on the Consent Agenda. Vote 3-0

G. MANAGER'S REPORT

General Manager, Doug Jones , presented information on the following:

- G-1) ARTICLE ON FUNDING INFRASTRUCTURE NEEDS

There were no public comments.

H. DIRECTORS COMMENTS

There were no Directors comments.

There was no need to go into Closed Session.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL GC§54956.9

- a. Litigation CPUC Appl. No. A 00-03-029 (Gov. Code §54956.9)
- b. SMVWCD vs NCSD Santa Clara County Case No. CV 770214 and all consolidated cases.
- c. NCSD vs State Dept of Health Services CV 990716, GC §54956.9]
- d. Anticipated Litigation - One Case

ADJOURN

Chairperson Mobraaten adjourned the meeting at 12:00 p.m.

The next regular Board meeting will be held on May 16, 2001.

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: MAY 16, 2001

AGENDA ITEM
MAY 16 2001



MANAGER'S REPORT

G-1) REVIEW FUTURE BOARD MEETING SCHEDULE
JUNE 6, 27, JULY 18, 2001

Since the first meeting in July falls on the 4th which is a holiday, it is suggested that the following meeting schedule be adopted to take into consideration the 4th of July holiday.

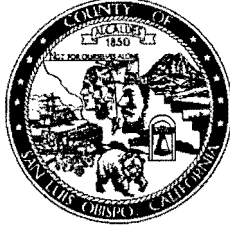
June 6, 2001	Regular Board Meeting
June 20, 2001	Cancel Regular Board Meeting
June 27, 2001	Board Meeting
July 4, 2001	Cancel-Holiday (4 th of July)
July 18, 2001	Regular Board Meeting

Therefore, the regular meeting normally scheduled for June 20th and July 4th would be canceled and subsequent Board meeting to be held on June 27th.

G-2) TEETER PLAN

Correspondence from the County Auditor-Controller on the elimination of the Unitary Roll (Utility Tax Collection) from the Teeter Plan.

County of San Luis Obispo
Office of the Auditor-Controller
Room 300 County Government Center
San Luis Obispo, California 93408
(805) 781-5040 FAX (805) 781-1220



GERE W. SIBBACH, CPA
Auditor-Controller

BILL ESTRADA
Assistant

May 3, 2001

AGENDA ITEM
MAY 16 2001



NOTICE TO ALL PROPERTY TAXING AGENCIES
Supervisors to Consider Teeter Plan Modification May 8, 2001

As you know, Pacific Gas and Electric Company (PG&E) filed for bankruptcy protection on April 6, 2001. At that time, about \$14 million in property taxes were owed to the County of San Luis Obispo. Since then, PG&E has paid a portion of their property taxes due for the 2000-2001 fiscal year. However, approximately \$7.3 million remains unpaid as of May 3, 2001. The company has petitioned the bankruptcy court to allow them to pay the balance of the property taxes due, but it is unknown when and if this payment will actually be made.

Under the Teeter property tax methodology, the County of San Luis Obispo is obligated to use cash reserves, or borrow sufficient cash, so that all taxing agencies will receive 100% of their expected secured property tax revenues, whether or not the \$7.3 million delinquency is eventually collected or not. The County of SLO stands ready to do this, and your agency will receive its proper tax allocation this fiscal year.

However, as we have discussed with your fiscal officers, the County cannot reasonably be expected to continue covering even larger delinquencies by PG&E that might occur in future fiscal years. Therefore my office has recommended to the Board of Supervisors that they modify the Teeter Plan for fiscal year 2001-2002 and thereafter. Under this modification, state assessed properties on the unitary roll, such as those of PG&E, would no longer be guaranteed for payment by the County. If those utilities do pay their taxes, your agency would receive its full share as before. If the tax were not paid, your agency would share proportionately in the shortfall, and would receive its share of the tax and any penalties if and when they are collected.

A resolution adopting this modification of the Teeter Plan is scheduled for consideration by the Board of Supervisors at its regular meeting, 9:00 AM, May 8, 2001.

If you have any questions, you may call me or Marsha Stillman at 781-5037.

Sincerely,

Gere W. Sibbach, CPA
Auditor-Controller

MAY 16 2001