

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BB*
DATE: SEPT. 19, 2008



BLACKLAKE SEWER FUND LOAN

ITEM

Adopt resolution formalizing Blacklake Sewer Fund Loan to track interest owed to Blacklake Water Fund [ADOPT RESOLUTION].

BACKGROUND

Your Honorable Board reviewed the negative fund balance in the Blacklake Sewer Fund at your August 27, 2008 Board Meeting and directed staff to prepare a resolution for consideration at this meeting formalizing a loan from the Blacklake Water Fund.

Attached is an updated accounting of the Blacklake Sewer Fund and the interest that is not being collected by the Blacklake Water Fund. Also attached is a draft resolution formalizing the proposed loan.

Preparation of this agenda item and the draft resolution cost approximately \$300 in legal and staff cost. The proposed monthly tracking and reporting cost is projected at \$100 per month until the loan is repaid.

RECOMMENDATION

Staff recommends that the Board adopt the attached resolution and direct staff to track and report the deficit to the Board on a monthly basis.

ATTACHMENTS

- Blacklake Sewer Fund Accounting through August 31, 2008
- Draft Resolution

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NIPOMO COMMUNITY SERVICES DISTRICT
BLACKLAKE SEWER FUNDS
JULY 2007 TO AUGUST 2008

	<u>FUND</u> <u>#150</u>	<u>FUND</u> <u>#830</u>	<u>COMBINED</u> <u>BALANCE</u>	<u>ANNUAL</u> <u>LAIF</u> <u>INTEREST</u>	<u>(ANNUAL/ 12 MONTHS)</u> <u>MONTHLY</u> <u>LAIF</u> <u>INTEREST</u>
JUL 2007	43,440	(27,795)	15,645	5.250%	0.438%
AUG 2007	43,637	(26,333)	17,304	5.253%	0.438%
SEPT 2007	37,136	(83,371)	(46,235)	5.231%	0.436%
OCT 2007	37,784	(142,563)	(104,779)	5.137%	0.428%
NOV 2007	28,119	(152,595)	(124,476)	4.962%	0.414%
DEC 2007	28,010	(149,577)	(121,567)	4.801%	0.400%
JAN 2008	25,717	(146,244)	(120,527)	4.620%	0.385%
FEB 2008	14,886	(142,910)	(128,024)	4.161%	0.347%
MAR 2008	5,267	(139,577)	(134,310)	3.777%	0.315%
APR 2008	(1,144)	(139,752)	(140,896)	3.400%	0.283%
MAY 2008	(9,665)	(136,419)	(146,084)	3.072%	0.256%
JUN 2008	(11,464)	(133,086)	(144,550)	2.894%	0.241%
JUL 2008	(14,779)	(133,086)	(147,865)	2.787%	0.232%
AUG 2008	(20,605)	(134,321)	(154,926)	2.779%	0.232%

	<u>LOAN</u> <u>BALANCE</u> <u>W/ INTEREST</u>	<u>MONTHLY</u> <u>INTEREST</u>	<u>SIMPLE</u> <u>COMPOUNDED</u> <u>INTEREST</u> <u>ACCUMULATED</u>
JUL 2007	0	0	0
AUG 2007	0	0	0
SEPT 2007	46,235	203	203
OCT 2007	104,982	449	652
NOV 2007	125,128	517	1,170
DEC 2007	122,737	491	1,661
JAN 2008	122,188	470	2,131
FEB 2008	130,155	451	2,583
MAR 2008	136,893	431	3,013
APR 2008	143,909	408	3,421
MAY 2008	149,505	383	3,804
JUN 2008	148,354	358	4,162
JUL 2008	152,027	353	4,515
AUG 2008	159,441	369	4,884

RESOLUTION NO. 2008-___

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT ESTABLISHING THE INTEREST
RATE ON AN INTERFUND LOAN AND REPAYMENT OF INTEREST TO THE
BLACKLAKE WATER FUND**

WHEREAS, the Blacklake Sewer Fund balance became negative in September, 2007 and has not recovered to the date of this Resolution (herein "Deficit"); and

WHEREAS, as of September 1, 2008, the Deficit is one hundred fifty four thousand, nine hundred twenty six dollars (\$154,926); and

WHEREAS, the District has covered the Deficit with funds from the Blacklake Water Fund; and

WHEREAS, the Deficit is growing at an estimated rate of eight thousand (\$8,000) per month; and

WHEREAS, in funding the Deficit the Blacklake Water Fund is entitled to interest on the deficit; and

WHEREAS, the Board finds that the most equitable way of determining interest on the Deficit is to use the interest rate that the Blacklake Water Fund would receive from investing the Deficit in Local Agency Investment Fund ("LAIF").

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

1. The above Recitals are true and correct and constitute findings in support of this Resolution.
2. As of September 1, 2008, the Blacklake Sewer Fund is indebted to the Blacklake Water Fund in the sum of one hundred fifty four thousand, nine hundred and twenty six dollars (\$154,926).
3. As of September 1, 2008, the accumulated interest owing the Blacklake Water Fund is set at four thousand, eight hundred eighty four dollars (\$4,884).
4. The Blacklake Sewer Fund shall pay to the Blacklake Water Fund interest at the same rate District receives from its investments in the LAIF.

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

AYES:

NOES:

ABSENT:

CONFLICTS:

the foregoing resolution is hereby passed, approved and adopted by the Board of
Directors of the Nipomo Community Services District this 10th day of September, 2008.

MICHAEL WINN, President
Nipomo Community Services District
Board of Directors

ATTEST:

Donna Johnson, Secretary to the
Nipomo Community Services District
Board of Directors

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