



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730

FAX (805) 481-6836

AGENDA BOARD OF DIRECTORS SPECIAL MEETING

1655 Front Street
Oceano

September 30, 2009

Wednesday
6:30 P.M.

BOARD MEMBERS

Barbara J. Mann, President
Vern Dahl, Director
Mary K. Lucey, Director

Jim Hill, Vice President
Pamela Dean, Director

SECRETARY TO THE BOARD

Kevin D. Walsh
Interim General Manager

DEPUTY SECRETARY TO THE BOARD

Gina A. Davis
Administrative Assistant

FIRE CHIEF

Chief Mike Hubert

UTILITY OPERATIONS SUPERVISOR

Philip T. Davis

ALL ITEMS APPEARING ON THE AGENDA ARE SUBJECT TO BOARD ACTION

1. Roll Call
2. Flag Salute
3. Public Comment *
Any member of the public may address the Board on any item of interest within the jurisdiction of the Board. The Board will listen to all communications; however, in compliance with the Brown Act, the Board cannot act on items not on the agenda.
4. ADJOURN TO CLOSED SESSION
The Board will adjourn to closed session to consider the following items:
 - a. PUBLIC EMPLOYMENT *
CLOSED SESSION – A closed session pursuant to Government Code Section 54957(B)(1) to consider the appointment or employment of a public employee. The position under consideration is the General Manager.

RULES FOR PRESENTING TESTIMONY

All persons who wish to present testimony to the Board of Directors in a public hearing must observe the following rules:

1. When beginning to speak, first identify yourself and place of residence. This is required for the public record. Board of Directors' meetings are tape recorded.
2. All remarks must be addressed to the Chair. Conversation or debate between the speaker at the podium and a member of the audience is not permitted.
3. Please keep your remarks as brief as possible. Focus your testimony on the most important facts you wish to be considered. Avoid duplicating testimony provided by others.
4. It is important that all participants conduct themselves with courtesy, dignity and respect.
5. Whenever possible, written testimony should be presented as well as oral. Written testimony can be submitted in advance of the actual hearing date.

- b. CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION *
CLOSED SESSION – A closed session pursuant to Government Code Section 54956.9(b) to meet with agency's legal counsel concerning pending litigation. (Santa Maria Groundwater Litigation, Santa Clara County, Lead Case # CV 770214)

RETURN TO OPEN SESSION

5. Board Member Items/Discussion *
6. Review and Approval of Minutes
a. None.
7. Fire Items
a. None
8. Utility Items
a. Status Update on Water and Sewer Rate Study
Receive Report
- b. Prop 218 Procedures
Review and Discussion on Possible Prop 218 Procedures
9. Administrative Items
a. Status Report on 2007-2008 Audit
Report from General Manager and Board Liaison
- b. Update on State Property Tax Shift
Update on Prop 1A Loan Securitization Program
- c. 2009-2010 Draft Budget
Discussion and Possible Action
- d. Appoint Ad Hoc Committee
Consider Appointment of Ad Hoc Committee to make recommendation to Board on non-Prop 218 Fees and Charges – Vern Dahl
- e. Old Business – No Status Change/No Report *
(1) Drainage Issues
(2) Review of Codification Sections
(3) 2009-10 District Goals
10. Reports of District Representatives *
This item gives the President and Board Members the opportunity to present reports to other members regarding committees, commissions, boards, or special projects on which they may be participating.

a. **PRESIDENT BARBARA MANN**

- (1) SSLOCSD 09 16 2009 and 09 24 2009
- (2) Fire Committee 09 21 2009
- (3) CSDA 09 18 2009
- (4) Other

b. **VICE PRESIDENT JIM HILL**

- (1) SSLOCSD 09 16 2009 and 09 24 2009
- (2) Other

c. **DIRECTOR VERN DAHL**

- (1) OAC 09 21 2009
- (2) Zones 1/1A 09 22 2009
- (3) Personnel 09 17 2009
- (4) Other

d. **DIRECTOR PAMELA DEAN**

- (1) Fire Committee 09 21 2009
- (2) Zone 3 09 17 2009
- (3) Other

e. **DIRECTOR MARY LUCEY**

- (1) Personnel 09 17 2009
- (2) Other

12. **Interim General Manager Items/Discussion ***

a. **Sewer Rehabilitation Project**

b. **Halcyon Mobile Homes**

c. **Other**

13. **Board Member Discussion ***

14. **Public Comment ***

15. **Written Communications**

(Correspondence for the Board Received After Preparation of this Agenda is Presented by the General Manager)

Adjournment

* Oral Presentation/Discussion

ALL ITEMS APPEARING ON THE AGENDA ARE SUBJECT TO BOARD ACTION

Consistent with the American with Disabilities Act and California Government Code §54954.2 requests for disability related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires the modification or accommodation in order to participate at the referenced public meeting by contacting the District General Manager or Administrative Assistant at 805-481-6730.

**P.O. Box 599/Oceano, CA 93475
1655 Front Street/Oceano, CA 93445
(805) 481-6730 / FAX (805) 481-6836
www.oceanocsd.org ocsd@oceanocsd.org**



Oceano Community Services District

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September 30, 2009

TO: OCSD Board of Directors
FROM: Kevin D. Walsh, Interim General Manager
SUBJECT: **WATER AND SEWER RATE STUDY**

At your September 9, 2009 Board meeting, Wallace Group provided you with a progress update of the Water and Sewer Rate Study being conducted by Tuckfield & Associates. At that time it was reported that Tuckfield & Associates have asked for the following information, going back to 2003-04 if possible:

Water and Sewer Rates - Water History by Type, and Sewer History by Type.

Water and Sewer Revenue Summaries.

Water and Sewer Billing Register Summary.

Tuckfield has asked for this information in an Excel Spreadsheet format. We had previously thought that this would require hand entry of the data retrieved from our AS-400, and will therefore require more time than we originally expected. Now we believe that Wallace Group has figured out a way to convert the data from the AS-400 which was delivered on CD into an Excel spreadsheet format.

THE RECOMMENDED ACTION BEFORE YOUR BOARD is to: None. Status Report only.

Agenda Item 09 30 2009 8.a.

T:\Agendas\BdMtgAgendas\2009\09302009\Water & Sewer Rate Study



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

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September 30, 2009

TO: OCSD Board of Directors

FROM: Kevin D. Walsh, Interim General Manager

SUBJECT: REVIEW AND POSSIBLE ACTION ON PROP 218 PROCEDURES

The 2008-09 Budget anticipated a rate increase in both the water and sewer departments in order to balance revenues and expenses. Those increases never took place, and the need for the increases has not gone away. It is expected that a final 2009-10 budget will be submitted to the Board in October, and that the FYE 2008 Audit will be ready about that time as well. The Rate Study is expected to be completed within a few months.

The procedures for increasing water and sewer rates are contained in Article XIID, Section 6 of the California Constitution. This section of law is sometimes referred to as Prop 218, after the voter approved Proposition that amended the Constitution.

Prop 218 contains provisions for the noticing of the rate hearing and the submission and tabulation of protests, but does not contain any firm guidelines. For example:

Prop 218 requires that protests be in writing and signed, but does not: specify any form for protests or how they are to be tabulated, offer any guidance on proxy protests or how to prevent double-voting, etc.

Prop 218 requires that the protest identify the property for which the protest is filed, but does not define property; Is it the Assessor parcel number? Is it a legal parcel? (Usually the same, but not always.) Is it only properties with water meters? What about multiple water meters on one parcel? What about multiple parcels with one meter?

Prop 218 uses terms like "record owner", without defining that term. Is it a property owner? The tenant? What about joint owned common areas?

Prop 218 allows protests to be withdrawn. Is it in writing? On a form? A phone call to the District?

Local jurisdictions must follow the law, but in the absence of clearly mandated procedures, there is flexibility in how the law can be complied with. Provided that guidelines are adopted before the notice of the required hearing is given, it would be reasonable to expect that sensible guidelines are a proper action of the Board.

At the September 9, 2009 Board meeting, guidelines as used by the Cambria Community Services District, a jurisdiction formed under the same section of the

Government Code as ours, were submitted for consideration. However, the Board and some members of the public requested that we look at the guidelines of other jurisdictions. Examples are attached.

While this was referred to Finance Committee for further review, the Finance Committee has not met. To prepare for a Prop 218 hearing will require a few months to adopt guidelines, send notices, schedule a hearing date, and comply with statutory timeframes. Time is of the essence, and it is not too early to begin to plan now. It is recommended that the Board begin work at this time to adopt guidelines for the submission and tabulation of protests.

THE RECOMMENDED ACTION BEFORE YOUR BOARD is to: Give direction to staff regarding the adoption (or not) of Prop 218 guidelines.



**RESOLUTION 14-2009
APRIL 23, 2009**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CAMBRIA COMMUNITY SERVICES DISTRICT
ADOPTING GUIDELINES FOR THE SUBMISSION AND TABULATION OF
PROTESTS IN CONNECTION WITH RATE HEARINGS
CONDUCTED PURSUANT TO ARTICLE XIID, SECTION 6,
OF THE CALIFORNIA CONSTITUTION,
AND RELATED NOTICING**

WHEREAS, Article XIID, Section 6 of the California Constitution requires the Board of Directors of the Cambria Community Services District (CCSD) to consider written protests to certain proposed increases to utility charges; and

WHEREAS, this constitutional provision does not offer specific guidance as to who is allowed to submit protests, how written protests are to be submitted, or how the CCSD is to tabulate the protests; and

WHEREAS, for purposes of determining protests, Government Code Section 53755(b) provides for one written protest per parcel, and Government Code Section 53750(g) provides that identified parcels are those parcels that an agency has identified as a parcel upon which a proposed fee or charge is to be imposed; and

WHEREAS, to implement these provisions, and given the history of subdivision and development in Cambria, where the CCSD serves customers owning Assessor Parcel Numbers (APN) with more than one lot and the CCSD also serves customers with more than one APN, the attached Guidelines provide that a majority protest is to be determined based upon the number of parcels with active accounts served by the CCSD on the date of the public hearing, and defines "parcel" as a piece of land or property identified by Assessor's Parcel Number that is served by the CCSD, the owner or occupant of which is subject to the proposed charge; and

WHEREAS, the Board of Directors of the CCSD may direct the General Manager to mail notice of proposed water charges and proposed wastewater charges, effective July 1, 2009, to each record owner and record customer of every parcel served by the CCSD, scheduling the rates protest hearings for Monday, June 15, 2009, at 12:30 p.m., at Cambria Veterans Memorial Building, at 1000 Main Street, in Cambria, CA; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the CCSD hereby adopts the Guidelines for the Submission and Tabulation of Protests attached hereto as Exhibit "A" and incorporated herein by reference.

4/24/09

BE IT FURTHER RESOLVED that the Board of Directors of the CCSD hereby directs the General Manager to mail out a notice of proposed water charges and proposed wastewater charges, effective July 1, 2009, to each record owner and record customer of every parcel served by the CCSD.

PASSED, APPROVED AND ADOPTED on this 23rd day of April 2009.

Gregory W. Sanders
President, Board of Directors

ATTEST:

APPROVED AS TO FORM:

KATHY A. CHOATE, District Clerk

TIM CARMEL, District Counsel

Attachment "A"

CAMBRIA COMMUNITY SERVICES DISTRICT

GUIDELINES FOR THE SUBMISSION AND TABULATION OF PROTESTS

Where notice of a public hearing with respect to the adoption or increase of a utility charge has been given by the CCSD pursuant to Article XIID, Section 6(a) of the California Constitution, the following guidelines shall apply.

DEFINITIONS

Unless the context plainly indicates another meaning was intended, the following definitions shall apply in construction of these Guidelines:

1. "Parcel" means a piece of land or property identified by Assessor's Parcel Number (APN) that is served by the CCSD, as determined by the San Luis Obispo County Tax Assessor.
2. "Record customer" and "customer of record" mean the person or persons whose name or names appear on the CCSD's records as the person who has contracted for, and is obligated to pay for, utility services to a particular utility account.
3. "Record owner" or "parcel owner" means the person or persons whose name or names appear on the San Luis Obispo County Tax Assessor's latest equalized assessment roll as the owner of a parcel.
4. A "fee protest proceeding" is not an election, but the District Clerk will maintain the confidentiality of protests as provided below and will maintain the confidentiality and integrity of protests at all times.
5. "Public hearing" means the public hearing on the proposed charges.

NOTICE OF PROPOSED RATES AND PUBLIC HEARING

6. ***Notice Delivery.***
 - A. The CCSD shall give notice of proposed charges and public hearing on the proposed charges via 1st-class U.S. mail to all record owners and customers of record served by the CCSD, effective the date the notice is approved by the Board of Directors.
 - B. The CCSD will mail each notice subject to a request that the U.S. Postal Service provide forwarding address information to the CCSD for any notices forwarded by the U.S. Postal Service.

- C. If the U.S. Postal Service returns any notice to the CCSD as undeliverable and provides the CCSD a forwarding address, the CCSD shall mail the notice to the forwarding address, but its doing so does not extend the time in which protests may be submitted with respect to the proposed charges that are the subject of the public hearing.
- D. The CCSD will provide the notice of proposed charges and public hearing to each record owner and/or record customer who initiates CCSD utility services after the notice is mailed and before the date of the public hearing on the proposed charges, but its doing so does not extend the time in which protests may be submitted with respect to the proposed charges that are the subject of the public hearing.
- E. The CCSD will post the notice of proposed charges and public hearing at its official posting site after the notice is approved by the Board of Directors.

SUBMISSION OF PROTESTS

7. *Protest Requirements.*

A. A written protest must include:

- (i) A statement that it is a protest against the proposed charge which is the subject of the hearing; and
- (ii) Name of the record owner or customer of record; and
- (iii) Identity of the affected parcel by assessor's parcel number or service address; and
- (iv) Original signature of the record owner or customer of record with respect to the identified parcel.

B. Protests shall not be counted if any of the required elements (i thru iv) outlined in the preceding subsection "7.A." are omitted.

C. A notice of proposed charges may, but need not, include a form by which record owners and customers of record may note their protest of, or support for, a proposed charge. However, use of such a protest form shall not be required and the CCSD shall accept any protest which complies with these Guidelines.

8. *Protest Submittal.*

A. Any record owner or customer of record who is subject to the proposed utility charges, which are the subject of the public hearing, may submit a written protest to the District Clerk, by:

- Delivery to the District Clerk's Office, 1316 Tamson Drive, Suite 201, Cambria, CA 93428,

- Mail to the CCSD, Attention: District Clerk, Post Office Box 65, Cambria, CA 93428, or
 - Personally submitting the protest at the public hearing.
- B. Protests must be received by the end of the public hearing, including those mailed to the CCSD. No postmarks will be accepted; therefore, any protest not actually received by the close of the public hearing, whether or not mailed prior to the public hearing, shall not be counted.
- C. In order to reduce duplicate protests and to avoid fraud, a protest may only be submitted by the record owner or customer of record who signed the protest or an individual authorized in writing by the record owner or customer of record to submit the protest. That written authorization shall be provided to the District Clerk so the District Clerk may accept a protest from someone other than the person who signed it.
- D. Designated trustees, legal guardians, probate estate executors or administrators, court-appointed or other legal representatives, or property managers/agents of a record owner or a record customer may sign a protest on behalf of a record owner or a record customer. Anyone other than the record owner or record customer's designee shall provide the District Clerk with the written authorization to act in such capacity.
- E. Emailed protests shall not be counted. Only protests with original signatures shall be counted.
- F. Copied protests shall not be counted. Only protests with original signatures shall be counted.
- G. Although oral comments at the public hearing will not qualify as a formal protest unless accompanied by a written protest, the CCSD Board of Directors welcomes input from the community during the public hearing on the proposed charges.

9. ***Protest Withdrawal.***

Any person who submits a protest may withdraw it by submitting to the District Clerk a signed written request that the protest be withdrawn. The withdrawal of a protest shall identify the affected parcel and the name of the record owner or customer of record who submitted both the protest and the request that it be withdrawn.

10. ***Multiple Record Owners or Customers of Record.***

- A. Each record owner or customer of record of a parcel served by the CCSD may submit a protest. This includes, but is not limited to, instances where:
- (i) A parcel is owned by more than a single record owner or more than one name appears on the CCSD's records as the customer of record for the parcel, or
 - (ii) A customer of record is not the record owner, or

- (iii) A parcel includes more than one record customer, or
- (iv) Multiple parcels are served via a single utility account such as master-metered condominium units and multiple family residential units.

B. Only one protest will be counted per parcel.

C. Any one protest submitted in accordance with these rules will be sufficient to count as a protest for the identified parcel.

11. ***CCSD as Record Owner of Parcel.***

Parcels owned by the CCSD that receive utility services, but are not subject to the proposed charges which are the subject of the public hearing, shall not be included in the parcel count for tabulation.

12. ***Transparency, Confidentiality, and Disclosure.***

A. To ensure transparency and accountability in the fee protest tabulation, while protecting the privacy rights of record owners and customers of record, protests will be maintained in confidence until tabulation begins following the public hearing.

B. Once a protest is opened during the tabulation, it becomes a disclosable public record, as required by state law.

TABULATION OF PROTESTS

13. ***Protest Official.***

The CCSD shall retain a neutral third-party with experience as a City, County or District Clerk or elections official (the Protest Official) to determine the validity of all protests. The Protest Official shall not accept as valid any protest if he or she determines that any of the following conditions exist:

- A. The protest does not state its opposition to the proposed charges.
- B. The protest does not name the record owner or record customer of the parcel identified in the protest, as of the date of the public hearing.
- C. The protest does not identify a parcel served by the CCSD which is subject to the proposed charge.
- D. The protest does not bear an original signature of the named record owner or record customer with respect to the parcel identified on the protest. Whether a signature is valid shall be entrusted to the reasonable judgment of the Protest Official, who may review and compare it with signatures on file with the County Elections Official and/or the CCSD. If the signature is questionable, it will be retained for further follow-up with the record owner or customer of record. Should the count be close

enough that any retained protest might change it, the Protest Official will mail a notice to the record owner or customer of record requesting they contact the Protest Official within five (5) business days to verify their signature.

- E. The protest was altered in a way that raises a fair question as to whether the protest actually expresses the intent of a record owner or a customer of record to protest the charges.
- F. The protest was emailed or copied.
- G. The protest was not received by the District Clerk before the close of the public hearing on the proposed charges.
- H. A request to withdraw the protest was received prior to the close of the public hearing on the proposed charges.
- I. The Protest Official's decision that a protest is not valid shall constitute a final administrative action of the CCSD.

14. ***Majority Protest.***

- A. A majority protest exists if protests are timely submitted and not withdrawn by the record owners of, or customers of record with respect to, a majority (50% plus one) of the parcels subject to the proposed charge.
- B. The number of parcels with active customer accounts served by the CCSD on the date of the public hearing shall control in determining whether a majority protest exists.
- C. The CCSD will inform the public of the number of parcels served by the CCSD when the notice of proposed charges is mailed.

15. ***Tabulation of Protests.***

At the conclusion of the public hearing, the Protest Official shall tabulate all protests received, including those received during the public hearing, and shall report the results of the tabulation to the CCSD Board of Directors.

16. ***Report of Tabulation.***

If at the conclusion of the public hearing the Protest Official determines that he or she will require additional time to tabulate the protests, he or she shall so advise the CCSD Board of Directors, which may continue the meeting to allow the tabulation to be completed on another day or days. If so, the CCSD Board shall declare the time and place of tabulation, which shall be conducted in a place where interested members of the public may observe the tabulation, and the Board shall declare the time at which the meeting shall be resumed to receive and act on the tabulation report of the Protest Official.

RESOLUTION 2009-XXXX

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING GUIDELINES FOR THE SUBMISSION AND TABULATION OF
PROTESTS IN CONNECTION WITH RATE HEARINGS
CONDUCTED PURSUANT TO ARTICLE XIID, SECTION 6,
OF THE CALIFORNIA CONSTITUTION,
AND RELATED NOTICING**

WHEREAS, Proposition 218 was adopted on November 6, 1996 adding Article XIID to the California Constitution; and

WHEREAS, Article XIID Section 6 of the California Constitution imposes certain procedural and substantive requirements related to the adoption of fees and charges for property-related services; and

WHEREAS, the State of California has adopted the Proposition 218 Omnibus Implementation Act, Sections 57750 et seq. of the Government Code; and

WHEREAS, some of the requirements of Proposition 218 and the Omnibus Implementation Act do not offer specific guidance as to how written protest are to be submitted or how the Nipomo Community Services District (District) is to tabulate the protests; and

WHEREAS, Government Code Section 61040(a) states, in relevant part, "a legislative body of five members known as the board of directors shall govern each district. The board of directors shall establish policies for the operation of the district"; and

WHEREAS, Government Code Section 61045(g) states, "the board of directors shall adopt policies for the operation of the district, including, but not limited to, administrative policies, fiscal policies, personnel policies, and the purchasing policies required by this division"; and

WHEREAS, the District Board of Directors believes it to be in the best interest of the community, and pursuant to Government Code Section 61040(a) and 61045(g), to adopt guidelines for the implementation of the provisions of Article XIID Section 6 of the California Constitution and the Proposition 218 Omnibus Implementation Act related to the adoption of fees and charges for property related services;

NIPOMO COMMUNITY SERVICES DISTRICT

GUIDELINES FOR THE SUBMISSION AND TABULATION OF PROTESTS

APPLICATION

Where notice of a public hearing, with respect to the adoption or increase of a utility charge, has been given by the Nipomo Community Services District (NCSD or District) pursuant to Article XIID, Section 6(a) of the California Constitution, the following guidelines shall apply.

RELEVANT DISTRICT CODE SECTIONS

District Code Section 3.03.040 states:

The owner of the property which is furnished services is the customer and shall be responsible for the payment of all rates, charges and fees, including penalties, thereon regarding such furnished services. Unpaid obligations shall run with the land, and shall lead to delinquency and termination of service for the residential unit or other real property involved without regard to any changes of residency or occupancy by persons different than the persons shown on district records as obligated to pay said bill. (Ord. 95-81 § 1 (part), 1995)

District Code Section 3.04.020 states:

A. Each house or building under separate ownership shall be provided with its own service connection or connections.

B. Two or more houses or buildings (such as apartments) under one ownership and located on the same lot or parcel of land may be supplied through one service connection.

C. When a parcel or building receiving water service through one connection is subdivided into smaller lots, parcels or units, capable of separate ownership, then the existing service connection shall be deemed appurtenant to the parcel or building unit upon which it is situated or most immediately adjacent.

D. The district reserves the right to limit the number of houses or buildings, or the area of the land under one ownership to be supplied by one service connection.

E. A service connection shall not be used to supply adjoining property of a different owner or to supply the property of the same owner on opposite sides of a public street or alley. (Ord. 98-87 § 8, 1998)

District Code Section 3.04.030 states:

Except for connection to a single-family residence, a separate service connection with backflow prevention device shall be provided to each parcel of property for landscape irrigation. A separate landscape connection fee shall be computed pursuant to Section 3.04.050, and paid. (Ord. 98-87 § 9, 1998)

- C. If the U.S. Postal Service returns any notice to the NCSD as undeliverable and provides the NCSD a forwarding address, the NCSD shall mail the notice to the forwarding address, but its doing so does not extend the time in which protests may be submitted with respect to the proposed charges that are the subject of the public hearing.
- D. The NCSD will provide the notice of proposed charges and public hearing to each record owner and/or record customer who initiates NCSD utility services after the notice is mailed and before the date of the public hearing on the proposed charges, but its doing so does not extend the time in which protests may be submitted with respect to the proposed charges that are the subject of the public hearing.
- E. The NCSD will post the notice of proposed charges and public hearing at its official posting site on the date the notice is mailed pursuant to subparagraph 6(B) above.

SUBMISSION OF PROTESTS

7. *Protest Requirements.*

- A. A written protest must include:
 - (i) A statement that it is a protest against the proposed charge which is the subject of the notice;
 - (ii) Name of the record owner or customer of record;
 - (iii) Identity of the affected parcel by assessor's parcel number or service address;
 - (iv) Original signature of the record owner or customer of record with respect to the identified parcel; and
 - (v) The date the written protest is signed.
- B. Protests shall not be counted if any of the required elements (i thru v) outlined in the preceding subsection "7.A." are omitted.
- C. A notice of proposed charges may, but need not, include a form by which record owners and customers of record may note their protest of, or support for, a proposed charge. However, use of such a protest form shall not be required and the NCSD shall accept any protest which complies with these Guidelines.

shall identify the affected parcel by parcel number or service address and the name of the record owner or customer of record who submitted both the protest and the request that it be withdrawn.

10. ***Multiple Record Owners or Customers of Record.***

A. Each record owner or customer of record of a parcel served by the NCSD may submit a protest. This includes, but is not limited to, instances where:

- (i) A parcel is owned by more than a single record owner or more than one name appears on the NCSD's records as the customer of record for the parcel, or
- (ii) A customer of record is not the record owner, or
- (iii) A parcel includes more than one record customer, or
- (iv) Multiple parcels are served via a single utility account such as master-metered condominium units and multi-family residential units.

B. Only one protest will be counted per parcel.

C. Any one protest submitted in accordance with these rules will be sufficient to count as a protest for the identified parcel.

11. ***NCSD as Record Owner of Parcel.***

Parcels owned by the NCSD that receive utility services, but are not subject to the proposed charges which are the subject of the public hearing, shall not be included in the parcel count for tabulation.

12. ***Transparency, Confidentiality, and Disclosure.***

A. To ensure transparency and accountability in the fee protest tabulation, while protecting the privacy rights of record owners and customers of record, protests will be maintained in confidence until tabulation begins following the public hearing.

B. Once a protest is opened during the tabulation, it becomes a disclosable public record, as required by state law.

A majority protest exists if protests are timely submitted and not withdrawn by the record owners, or customers of record with respect to, a majority (50% plus one) of the parcels subject to the proposed charge.

15. ***Tabulation of Protests.***

At the conclusion of the public hearing, the Protest Official shall tabulate all protests received, including those received during the public hearing, and shall report the results of the tabulation to the NCSB Board of Directors.

16. ***Report of Tabulation.***

If at the conclusion of the public hearing the Protest Official determines that he or she will require additional time to tabulate the protests, he or she shall so advise the NCSB Board of Directors, which may continue the meeting to allow the tabulation to be completed on another day or days. If so, the NCSB Board shall declare the time and place of tabulation, which shall be conducted in a place where interested members of the public may observe the tabulation, and the Board shall declare the time at which the meeting shall be resumed to receive and act on the tabulation report of the Protest Official.

17. ***Severability***

If any section, paragraph or phrase within these guidelines are in conflict with the California Constitution, the Proposition 218 Omnibus Implementation Act or other legislation (as now exists or as adopted in the future) then such legislation or Constitutional provisions shall prevail.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORT HUENEME ESTABLISHING PROCEDURES FOR INCREASING WATER, WASTEWATER AND SOLID WASTE FEES IN ACCORDANCE WITH THE REQUIREMENTS OF PROPOSITION 218

The Council of the City of Port Hueneme does resolve as follows:

SECTION 1: The City Council finds and declares as follows:

- A. On July 24, 2006, the California Supreme Court confirmed that charges for water and wastewater services are subject to Proposition 218 procedures (*Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205);
- B. The City Council anticipates that there will be future increases in water, wastewater and refuse rates. Adopting the policies and procedures set forth in this Resolution will help implement the requirements set forth in Article XIID of the California Constitution and help ensure that the rights of those persons that are authorized to protest service charges are preserved;
- C. Elections Code § 4000(c)(9) provides that any protest ballot proceeding required or authorized by California Constitution Articles XIIC or XIID may be conducted wholly by mail. In the event a protest ballot process is required, the City Council seeks to achieve higher awareness of those affected by the proposed increase, provide an orderly protest process for both those receiving the ballots and the City, insure to the extent practicable that there is some verification process regarding the protests received, and to reduce the costs of the protest ballot process; and
- D. Adopting this Resolution is in the public interest for the reasons set forth above and as further stated within Article XIID and the Proposition 218 and state legislation relating to the implementation of Proposition 218.

SECTION 2: The City Council adopts the procedures set forth in this Resolution for conducting all proceedings required by California Constitution Article XIID for utility fee (as defined below) increases. Where no specific procedures are imposed by Article XIID or the Proposition 218 Omnibus Implementation Act (Government Code §§ 53750, *et seq.*), the procedures set forth in this Resolution apply. This Resolution may be referred to as the "Proposition 218 Protest Proceedings Resolution."

- C. The notice must be sent by first class mail at least forty-five (45) days before the date set for the public hearing on the utility fee.
- D. The form of the notice of hearing will be approved by the City Council and be on file with the City Clerk.
- E. The notice provided by these procedures, in accordance with Article 13D, supersedes and is in lieu of notice required by any other statutes to levy or increase a utility fee.
- F. The City Clerk, or designee, may certify the proper mailing of notices by an affidavit which constitutes conclusive proof of mailing in the absence of fraud.
- G. Failure of any person to receive notice does not invalidate the proceedings.

SECTION 6. Protests against Utility Fee Increases.

- A. The property owner(s) of parcels subject to the proposed fee increase are entitled to a single protest for each parcel. When a parcel is held as community property or in joint tenancy or as a tenancy in common, any spouse or joint tenant or tenant in common is presumed to have authority to cast a protest on behalf of such parcel.
- B. If the owner(s) of the property desire to designate a particular owner as the person authorized to cast the protest for such parcel, they may file with the City Clerk, at any time before the commencement of the public hearing or the date of the election, as the case may be, a written authorization of such designation, signed by all the owners of record, and acknowledged in the manner that deeds of real property are required to be acknowledged to entitle such deeds to be recorded in the Ventura County Recorder's Office.
- C. Executors, administrators, and guardians may cast a protest on behalf of the estate represented by them. If such representatives are shown on the latest assessment roll as paying taxes and assessments on behalf of the property owner(s), that fact establishes the right of such representative(s) to cast a protest. If such representatives are not shown on the latest assessment roll, the representatives may file with the City Clerk, at any time before the commencement of the public hearing, or the date of the election, as the case may be, certified copies of the written documentation establishing the legal representation.

3. Take and receive oral and documentary evidence pertaining to the proposed fee increase.
4. The hearing may be continued from time to time, as the Council determines necessary to complete its consideration of the proposed fee increase.
5. If the Council determines, at the close of the public testimony portion of the public hearing, that votes were received from property owners representing a majority of the parcels subject to the proposed fee increase, the Council shall adopt a resolution setting forth the results of the protest ballot process and the proceedings shall then be closed and the utility fee cannot be approved by the City Council.
6. If the Council determines at the close of the public testimony portion of the public hearing that written protests were not received from property owners representing a majority of the parcels subject to the proposed utility fee, the Council shall adopt a resolution setting forth the results of the protest ballot process and then may by Ordinance change the utility fee so long as in an amount that does exceed the amount and methodology set forth in the public notices sent to the property owners.

SECTION 8. Environmental Review. This Resolution is exempt from review under the California Environmental Quality Act (California Public Resources Code §§ 21000, *et seq.*, "CEQA") and CEQA regulations (14 California Code of Regulations §§ 15000, *et seq.*) because it establishes rules and procedures to implement government funding mechanisms; does not involve any commitment to a specific project which could result in a potentially significant physical impact on the environment; and constitutes an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. Accordingly, this Resolution does not constitute a "project" that requires environmental review (see specifically 14 CCR § 15378(b)(4-5)).

SECTION 9. If any part of this Resolution or its application is deemed invalid by a court of competent jurisdiction, the city council intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this Resolution are severable.

SECTION 10. Repeal of any provision of the Port Hueneme Municipal Code, or other Resolution, does not affect any penalty, forfeiture, or liability incurred before, or preclude prosecution and imposition of penalties for any violation occurring before this Resolution's effective date. Any such repealed part will



Oceano Community Services District

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September 30, 2009

TO: OCSD Board of Directors
FROM: Kevin D. Walsh, Interim General Manager
SUBJECT: Update on State Property Tax Shift

Background

Proposition 1A Suspension: Proposition 1A was passed by California voters in 2004 to ensure local property tax and sales tax revenues remain with local government thereby safeguarding funding for public safety, health, libraries, parks, and other local services. Provisions can only be suspended if the Governor declares a fiscal necessity and two-thirds of the Legislature concur.

The emergency suspension of Proposition 1A was passed by the Legislature and signed by the Governor as ABX4 14 and ABX4 15 as part of the 2009-10 budget package on July 28, 2009. Under the provision, the State will borrow 8% of the amount of property tax revenue apportioned to cities, counties and special districts. The state will be required to repay those obligations plus interest by June 30, 2013.

The legislature is currently reviewing a clean-up bill, SB67 which would provide for a few critical changes to the enacted legislation, including but not limited to providing for: financing to occur in November; county auditor certification of amount of Prop 1A receivable; tax-exempt structure; California Communities as the only issuer; more flexibility on bond structure (interest payments, state payment date and redemption features); sales among local agencies; and revision to the hardship mechanism. [While SB 67 has not yet been passed and signed into law, California Communities expects that to occur prior to funding the Program. If for any reason SB 67 is not enacted and the bonds cannot be sold by December 31, 2009, all approved documents placed in escrow with Transaction counsel will be of no force and effect and will be destroyed.]

Proposition 1A Securitization Program: Authorized under ABX4 14 and ABX4 15, the Proposition 1A Securitization Program was instituted by California Communities to enable Local Agencies to sell their respective Proposition 1A Receivables to California Communities. Currently, SB67 is being considered to clarify specific aspects of ABX4 14 and ABX4 15. Under the Securitization Program, California Communities will simultaneously purchase the Proposition 1A Receivables, issue bonds ("Prop 1A Bonds") and provide each local agency with the cash proceeds in two equal installments,

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on January 15, 2010 and May 3, 2010 (to coincide with the dates that the State will be shifting property tax from local agencies). The purchase price paid to the local agencies will equal 100% of the amount of the property tax reduction. All transaction costs of issuance and interest will be paid by the State of California. Participating local agencies will have no obligation on the bonds and no credit exposure to the State.

If the OCSD sells its Proposition 1A Receivable under the Proposition 1A Securitization Program, California Communities will pledge the OCSD's Proposition 1A Receivable to secure the repayment of a corresponding amount of the Prop 1A Bonds. The OCSD's sale of its Proposition 1A Receivable will be irrevocable. Bondholders will have no recourse to the OCSD if the State does not make the Proposition 1A Repayment.

Proposition 1A Program Sponsor: California Statewide Communities Development Authority ("California Communities") is a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. The member agencies of California Communities include approximately 230 cities and 54 counties throughout California. (*OCSD does not need to be a member of California Communities to participate*).

Benefits of Participation in the Proposition 1A Securitization Program:

The benefits to the OCSD of participation in the Proposition 1A Securitization Program include:

- Immediate cash relief – the sale of the OCSD's Proposition 1A Receivable will provide the OCSD with 100% of its Proposition 1A Receivable in two equal installments, on January 15, 2010 and May 3, 2010.
- Mitigates impact of 8% property tax withholding in January and May – Per ABX4 14 and ABX4 15 and the proposed clean-up legislation SB 67, the State will withhold 8% of property tax receivables due to Cities, Counties, and Special Districts under Proposition 1A. The financing outlines bond proceeds to be distributed to coincide with the dates that the State will be shifting property tax from local agencies.
- All costs of financing borne by the State of California. The OCSD will not have to pay any interest cost or costs of issuance in connection with its participation.
- No obligation on Bonds. The OCSD has no obligation with respect to the payment of the bonds, nor any reporting, disclosure or other compliance obligations associated with the bonds.

Proceeds of the Sale of the OCSD's Proposition 1A Receivable:

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Upon delivery of the Proposition 1A Bonds, California Communities will make available to the OCSD its fixed purchase price, which will equal 100% of the local agency's Proposition 1A Receivable. These funds may be used for any lawful purpose of the OCSD and are not restricted by the program.

Proposed Proposition 1A Receivables Sale Resolution:

The proposed Proposition 1A Receivables Sale Resolution:

- (1) Authorizes the sale of the OCSD's Proposition 1A Receivable to California Communities for 100% of its receivable;
- (2) Approves the form, and directs the execution and delivery, of the Purchase and Sale Agreement with California Communities and related documents;
- (3) Authorizes and directs any Authorized Officer to send, or to cause to be sent, an irrevocable written instruction required by statute to the State Controller notifying the State of the sale of the Proposition 1A Receivable and instructing the disbursement of the Proposition 1A Receivable to the Proposition 1A Bond Trustee;
- (4) Appoints certain OCSD officers and officials as Authorized Officers for purposes of signing documents; and
- (5) Authorizes miscellaneous related actions and makes certain ratifications, findings and determinations required by law.

Proposed Purchase and Sale Agreement

The proposed Purchase and Sale Agreement:

- (1) Provides for the sale of the Proposition 1A Receivable to California Communities;
- (2) Contains representations and warranties of the OCSD to assure California Communities that the Proposition 1A Receivable has not been previously sold, is not encumbered, that no litigation or other actions is pending or threatened to disrupt the transaction and the this is an arm's length "true sale" of the Proposition 1A Receivable.
- (3) Provides mechanics for payment of the Purchase Price
- (4) Contains other miscellaneous provisions.

Proposed Purchase and Sale Agreement Exhibits:

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The proposed Proposition 1A Purchase and Sale Agreement Exhibits:

- (B1) Opinion of Counsel: This is an opinion of the counsel to the local agency (which may be an in-house counsel or an outside counsel) covering basic approval of the documents, litigation, and enforceability of the document against the Seller. It will be dated as of the Pricing date of the bonds (currently expected to be November 10, 2009).
- (B2) Bringdown Opinion: This simply "brings down" the opinions to the closing date (currently expected to be November 19, 2009).
- (C1) Certificate of the Clerk of the Local Agency: A certificate of the Clerk confirming that the resolution was duly adopted and is in full force and effect.
- (C2) Seller Certificate: A certification of the Seller dated as of the Pricing Date confirming that the representations and warranties of the Seller are true as of the Pricing Date, confirming authority to sign, confirming due approval of the resolution and providing payment instructions.
- (C3) Bill of Sale and Bringdown Certificate: Certificate that brings the certifications of C2 down to the Closing Date and confirms the sale of the Proposition 1A Receivable as of the Closing Date.
- (D) Irrevocable Instructions to the Controller: Required in order to let the State Controller know that the Proposition 1A Receivable has been sold and directing the State to make payment of the receivable to the Trustee on behalf of the Purchaser.
- (E) Escrow Instruction Letter: Instructs Transaction Counsel (Orrick) to hold all documents in escrow until closing, and if closing does not occur by December 31, 2009 for any reason, to destroy all documents.

Since I will not be here for your October 14th meeting, I am stating here now how the form of the Agenda Item should read and the recommended motion for the item at the October 14th meeting:

Agenda Item: A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

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Recommended Action: By Board discussion, public comment, motion, second, and roll call vote: adopt the proposed Proposition 1A Sale Resolution and Purchase and Sale Agreement (only needs majority vote)

(This same memo can be used for your October 14th meeting.)

I understand that as this date the Board may be close to tendering an offer of employment to a new general manager. Should that be the case then I would suggest that he or she be the one authorized to enroll OCSD in the Loan Securitization Program, rather than the Administrative Assistant as previously authorized.

THE RECOMMENDED ACTION BEFORE YOUR BOARD is to: by Board discussion, public comment, motion, second, and roll call vote: Authorize the General Manager to enroll OCSD in the Loan Securitization Program.

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I. PROPOSITION 1A SECURITIZATION FAQ 1
II. OPTIONS FOR OPTING OUT OF THE PROPOSITION 1A SECURITIZATION FAQ. 5
III. PROPOSITION 1A GENERAL FAQ 7

I **PROPOSITION 1A SECURITIZATION FREQUENTLY ASKED QUESTIONS**

Q: What is Proposition 1A securitization?

A: On July 28, 2009, the California legislature and Governor Arnold Schwarzenegger passed the state budget and approved a provision allowing the state to borrow 8 percent of the amount of property tax revenue apportioned to cities, counties and special districts. Under the provision, the state will be required to repay those obligations by June 30, 2013.

The provision also created an option for California local public agencies to relieve the burden of loaning the state property tax revenues. The provision, called Proposition 1A Securitization, authorizes the California Statewide Communities Development Authority (“California Communities”) to purchase the receivable due to local agencies from the State.

Q: Who is the California Statewide Communities Development Authority?

A: The California Statewide Communities Development Authority is a joint powers authority (“JPA”) sponsored by the California State Association of Counties (“CSAC”) and the League of California Cities (“League”). California Communities was created by CSAC and the League in 1988 to enable local government and eligible private entities access to low-cost, financing through a variety of pooled and stand-alone finance programs.

Q: How does the Proposition 1A securitization work?

A: The legislation for the Proposition 1A securitization authorizes cities, counties, and special districts to sell their state repayment obligations to California Communities. In a simultaneous transaction, California Communities will issue bonds and remit the cash proceeds to the participating local public agencies. Bondholders will receive their repayment from the state at a later date. The legislation provides that local agencies participating in the securitization program will receive 100% of their respective Proposition 1A receivables.

Q: Do I need to become a member of California Communities to participate in the program?

A: No. All public agencies that are subject to the property tax diversion under Proposition 1A are eligible to participate in the program without having to join the California Communities JPA.

Q: Is securitization voluntary? What if our local agency chooses not to securitize?

A: Yes, this is a voluntary program. Public agencies that do not participate in the Proposition 1A Securitization Program can expect to receive repayment plus interest from the state for its obligations by June 30, 2013. The interest rate to be paid by the state to those local public agencies that do not securitize will be set by the Director of Finance on or before September 28, 2009. That amount must be no less than the current Pooled Money Investment Account rate, but no higher than 6%.

Q: How much will it cost our local agency to participate in the Proposition 1A Securitization Program?

A: All costs of issuance and interest expense will be paid by the state. This allows agencies to receive 100% of their receivables. Some agencies may incur legal costs if they use an outside attorney for normal legal services.

Q: If our local agency securitizes, will we still get the repayment interest from the state?

A: No. In the case of securitization, the state will pay the interest due to bondholders and issuance costs associated with the transaction. Only agencies that do not securitize will receive interest from the state in 2013.

Q: If my local agency participates in the securitization program, when can my agency expect to receive payment?

A: Depending upon timing of enactment of cleanup legislation in the California legislature, California Communities is targeting completion of the securitization transaction to occur in November or early December, 2009, which would result in 50% of the payment to participating local public agencies on January 15, 2010 and 50% on May 3, 2010.

Should the legislature not pass the anticipated legislative amendments, California Communities' next opportunity to securitize will likely be March, 2010.

Q: Will our local agency incur any liability by participating in the program?

A: No. The bonds issued by California Communities are not obligations of any of the local agencies that participate in the securitization program. The California Communities joint powers agreement expressly provides that California Communities is an entity separate and apart from the participating public agencies, and "its debts, liabilities and obligations do not constitute debts, liabilities or obligations of any party to the joint powers agreement." Participating public agencies are not responsible for any repayment of debt, nor are they named in any of the bond documents. Participating public agencies also will not have any obligations related to compliance with tax or disclosure obligations on the bonds.

Q: Are there any restrictions to joining?

A: No. California Communities is required to accept any local entity affected by the suspension, regardless of the amount of property tax revenue lost.

Q: Can redevelopment agencies participate?

A: No. The diversion of tax increment revenues from redevelopment agencies that was a part of the State budget is not a "loan" and was not done under Proposition 1A and therefore redevelopment agencies cannot participate.

Q: Has California Communities conducted a program like this before?

A: Yes. In 2005, California Communities conducted a similar bond securitization program for local agencies when the state borrowed Vehicle License Fee ("VLF") revenues from cities and counties. California Communities securitized \$455 million in VLF payments due from the state to provide advance repayment to 146 participating cities and counties.

Q: How is the Proposition 1A securitization different from the VLF "gap loan" securitization?

A: Under the VLF financing program in 2005, local agencies in California were required to cover the costs of issuance and pay the interest cost. As a result, local agencies only received on average about 93 cents on the dollar from their loans to the state. Under the proposed Proposition 1A Securitization Program, the state will pay for the borrowing interest incurred and the costs of issuance required for each agency to participate, allowing local agencies the ability to receive 100% of their receivables.

Q: Who is the financing team for the Proposition 1A Securitization Program?

A: Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
Underwriters: Goldman Sachs,
JP Morgan,
Morgan Stanley,
De La Rosa,
and Stone & Youngberg
Program Consultant: Greencoast Capital Partners LLC
Trustee: Wells Fargo Bank, NA

Q: What is required from our local agency to participate?

A: Participating agencies must enroll in the program by going to the online [Enrollment Form](#) hosted on the California Communities website www.cacommunities.org/prop1A. Enrolled agencies will receive the required documentation from transaction counsel (Orrick, Herrington & Sutcliffe) including a resolution that must be adopted by their governing board. The resolution authorizes the sale of the Proposition 1A receivables to California Communities. This resolution together with other signature documents and local agency legal opinions must be submitted no later than November 6, 2009.

Q: What is the deadline to participate in the Proposition 1A Securitization Program?

A: Completed applications including resolutions passed by the board/council, participant documents signed by the authorized parties and legal opinions must be submitted by November 6, 2009.

Q: When should I begin the application process?

A: It is best to begin the application process as soon as possible. Each local agency is not committed to the program until all executed documentation is returned to bond counsel prior to November 6, 2009. So, it is best to begin the process early and have all the relevant documentation prepared.

Q: What if I start the process and decide I don't want to participate? Can I pull out of the process half-way through?

A: Each local agency is not committed until they return executed documents to bond counsel on or prior to November 6, 2009. Signed documents will be held in escrow by bond counsel and can be withdrawn prior to November 6, 2009. After November 6, 2009, agencies that have submitted the required signed documentation are committed to the transaction.

Q: Will our local agency have to go through a credit rating process? How will the credit rating for these bonds be assessed?

A: No. The bonds are secured by the State of California's constitutional and statutory obligation to repay the loan within the three-year time period. The ratings on the

bonds will be determined by the rating agencies based upon their assessment of the credit worthiness of the transaction and the state's ability to pay.

Q: Are there other ways to securitize aside from the California Communities program?

A: California Communities offers the only pooled Proposition 1A securitization program and is the only statutorily-authorized option that allows local agencies to securitize and have bond issuance and interest costs paid by the state.

Q: Where can I get more information?

A: For more information on the Proposition 1A securitization program, go to www.cacommunities.org/prop1A.

Q: How can I sign up for the Program?

A: To enroll in the program, submit the online [Enrollment Form](#) hosted on the California Communities website www.cacommunities.org/prop1A. There is no obligation on behalf of an enrolled local agency to actually participate. Each enrolled local agency must submit a complete set of signed documents with legal opinions by November 6, 2009 in order to be committed to the securitization program.

Q: There are several special districts in our County with board members that are the same as the County Board of Supervisors. Does each special district need to enroll in the program, adopt the Sale Resolution and sign documentation?

A: Yes. Each local agency must adopt the Sale Resolution, sign the Purchase and Sale Agreement and provide the required signature documents and legal opinions to participate in the Program.

II

OPTIONS TO THE PROPOSITION 1A SECURITIZATION FREQUENTLY ASKED QUESTIONS

Q: What are my local agency's options other than participating in the Prop 1A loan securitization program?

A: There are a few options to securitization.

1. If a local agency can absorb the loss in property tax revenue this year, it can decide to wait for the State to repay the obligation by June 30, 2013.
2. Two or more local agencies are able to reallocate or sell the obligation to another local agency.

3. Local agencies can apply for a hardship exemption. If cleanup legislation is enacted, local agencies must first enroll in and fulfill the requirements of the securitization program in order to qualify for a hardship exemption.

Q: What is a hardship exemption?

A: For those local agencies experiencing extreme fiscal hardship, upon written request, the Director of Finance may decrease the reduction amount. Extreme fiscal hardship may include a local agency that:

- is in bankruptcy proceedings;
- may be required to seek bankruptcy protection as a result of the reduction in property tax revenue;
- does not have sufficient reserves to continue to provide a basic level of core services.

If the Director of Finance decreases a local agency's reduction as a result of hardship, the amount of the decrease will be allocated proportionately among other local agencies within the county, not to exceed more than 10 percent of the total reduction amounts for all local agencies within the county.

Q: How does my local agency apply for a hardship exemption?

A: The final hardship application procedures have not been established and are not expected to be established until after the cleanup legislation is enacted by the legislature. While current language is expected to change, current language states that a written request must be received by the Director of Finance by October 15, 2009. The Director of Finance must approve or reject the requests for a hardship exemption by November 15, 2009. The Director of Finance may not grant decreases in the suspension amount that totals more than 10 percent of the combined total shift of property tax per county. **Local agencies that believe they would qualify for a hardship exemption should prepare to file a request with the State Director of Finance by October 15, 2009. If the cleanup legislation passes, this deadline may be extended, but under current law October 15 is the deadline.**

Q: What can I expect to happen if my local agency does not join California Communities?

A: If your local agency can sustain an 8 percent property tax shift this year, and your local agency chooses not to participate in California Communities' loan securitization program, then the local agency can expect to be repaid directly from the state by June 30, 2013, with interest.

Q: What is the interest rate for those entities that choose not to participate in the Prop 1A loan securitization program?

A: The interest rate will be determined by the State Director of Finance by September 28, 2009 and must be higher than the Pooled Money Investment Board interest rate but no greater than 6 percent.

Q: Are there other options?

A: If the cleanup legislation passes, a local agency may be able to sell the receivable to another local agency.

Q. How would a local agency sell its Prop 1A Receivable to another local agency?

A: The cleanup legislation is expected to provide procedures for local agencies to sell Proposition 1A receivables to another local agency. The cleanup legislation is currently pending approval by the State Senate.

III PROPOSITION 1A SUSPENSION FREQUENTLY ASKED QUESTIONS

Q: When will we see the reduction in our property tax revenues?

A: You will see a reduction in your property tax revenues when you receive your property taxes as dispersed by the county auditor. The county auditor is required to shift the 8 percent property tax revenue in two installments, once before January 15, 2010, and again after the first transfer but no later than May 3, 2010.

Q: When is the state required to repay the "loan"?

A: ABX4 15 indicates the state's deadline to repay the loan is June 30, 2013.

Q: And at what interest rate on the "loan"?

A: The interest rate for those agencies that do not sell the receivable to the joint powers authority will be set by the Director of Finance at a rate no less than the current Pooled Money Investment rate and capped at 6%. The Director of Finance must set this interest rate by September 28, 2009.

Q: Are there any guarantees that the state will repay us?

A: The State Constitution requires that the state provide repayment within a three-year period. ABX4 15 sets the repayment deadline at June 30, 2013.

The repayment is also continuously appropriated in the General Fund and authorizes the State Controller to make the repayment. The repayment is a priority payment behind General Fund obligations to schools and general obligation bonds. If the state has not fully repaid local agencies by June 30, 2013, local agencies or the bond issuer may seek a writ of mandamus to compel the Controller to fully pay the amounts the state is obligated to pay. The petition for writ of mandamus has priority and preference in setting and review and may be filed in the California Supreme Court.

Q: Will next year's property taxes (2010-11) be affected by this year's Prop 1A suspension?

A: It is highly unlikely that the Prop 1A protection of 2010-11 property taxes could be suspended. The State Constitution indicates that the property tax protection provisions of Proposition 1A cannot be suspended more than twice in a 10-year period (the first year begins with the first suspension).

Further, the state cannot suspend Proposition 1A until all previous loans are paid in full.

RESOLUTION NO. _____

**«NAMEOFGOVBODY»
OF THE
«FULLNAMEAGENCY»**

A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to Section 25.5 of Article XIII of the California Constitution and Chapter 14XXXX of the California Statutes of 2009 (Assembly Bill No. 15), as amended (the "Act"), certain local agencies within the State of California (the "State") are entitled to receive certain payments to be made by the State on or before June 30, 2013, as reimbursement for reductions in the percentage of the total amount of ad valorem property tax revenues allocated to such local agencies during the State's 2009-10 fiscal year (the "Reimbursement Payments"), which reductions have been authorized pursuant to Sections 100.05 and 100.06 of the California Revenue and Taxation Code;

WHEREAS, the «FullNameAgency», a local agency within the meaning of Section 6585(f) of the California Government Code (the "Seller"), is entitled to and has determined to sell all right, title and interest of the Seller in and to its "Proposition 1A receivable", as defined in Section 6585(g) of the California Government Code (the "Proposition 1A Receivable"), namely, the right to payment of moneys due or to become due to the Seller pursuant to Section 25.5(a)(1)(B)(iii) of Article XIII of the California Constitution and Section 100.06 of the California Revenue and Taxation Code, in order to obtain money to fund public capital improvements or working capital;

WHEREAS, the Seller is authorized to sell or otherwise dispose of its property as the interests of its residents require;

WHEREAS, the California Statewide Communities Development Authority, a joint exercise of powers authority organized and existing under the laws of the State (the "Purchaser"), has been authorized pursuant to Section 6588(x) of the California Government Code to purchase the Proposition 1A Receivable;

WHEREAS, the Purchaser desires to purchase the Proposition 1A Receivable and the Seller desires to sell the Proposition 1A Receivable pursuant to a purchase and sale agreement by and between the Seller and the Purchaser in the form presented to this «NameofGovBody» (the "Sale Agreement") for the purposes set forth herein;

WHEREAS, in order to finance the purchase price of the Proposition 1A Receivable from the Seller and the purchase price of other Proposition 1A Receivables from other local agencies, the Purchaser will issue its bonds (the "Bonds") pursuant to Section 6590 of the California Government Code and an Indenture (the "Indenture"), by and between the Purchaser and Wells Fargo Bank, National Association, as trustee (the "Trustee"), which Bonds will be payable solely

from the proceeds of the Seller's Proposition 1A Receivable and other Proposition 1A Receivables sold to the Purchaser by local agencies in connection with the issuance of the Bonds;

WHEREAS, the Seller acknowledges that (i) any transfer of its Proposition 1A Receivable to the Purchaser pursuant to the Sale Agreement shall be treated as an absolute sale and transfer of the property so transferred and not as a pledge or grant of a security interest by «FullNameAgency» to secure a borrowing, (ii) any such sale of its Proposition 1A Receivable to the Purchaser shall automatically be perfected without the need for physical delivery, recordation, filing or further act, (iii) the provisions of Division 9 (commencing with Section 9101) of the California Commercial Code and Sections 954.5 to 955.1 of the California Civil Code, inclusive, shall not apply to the sale of its Proposition 1A Receivable, and (iv) after such transfer, the Seller shall have no right, title, or interest in or to the Proposition 1A Receivable sold to the Purchaser and the Proposition 1A Receivable will thereafter be owned, received, held and disbursed only by the Purchaser or a trustee or agent appointed by the Purchaser;

WHEREAS, the Seller acknowledges that the Purchaser will grant a security interest in the Proposition 1A Receivable to the Trustee and any credit enhancer to secure payment of the Bonds;

WHEREAS, a portion of the proceeds of the Bonds will be used by the Purchaser to, among other things, pay the purchase price of the Proposition 1A Receivable;

WHEREAS, the Seller will use the proceeds received from the sale of the Proposition 1A Receivable for any lawful purpose as permitted under the applicable laws of the State;

NOW THEREFORE, the «NameofGovBody» of the «FullNameAgency» hereby resolves as follows:

Section 1. All of the recitals set forth above are true and correct, and this «NameofGovBody» hereby so finds and determines.

Section 2. The Seller hereby authorizes the sale of the Proposition 1A Receivable to the Purchaser for a price equal to the amount certified as the Initial Amount (as defined in the Sale Agreement) by the County auditor pursuant to the Act. The form of Sale Agreement presented to the «NameofGovBody» is hereby approved. An Authorized Officer (as set forth in Appendix A of this Resolution, attached hereto and by this reference incorporated herein) is hereby authorized and directed to execute and deliver the Sale Agreement on behalf of the Seller, which shall be in the form presented at this meeting.

Section 3. Any Authorized Officer is hereby authorized and directed to send, or to cause to be sent, an irrevocable written instruction to the State Controller (the "Irrevocable Written Instruction") notifying the State of the sale of the Proposition 1A Receivable and instructing the disbursement pursuant to Section 6588.6(c) of California Government Code of the Proposition 1A Receivable to the Trustee, on behalf of the Purchaser, which Irrevocable Written Instruction shall be in the form presented at this meeting.

Section 4. The Authorized Officers and such other Seller officers, as appropriate, are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including but not limited to, if required, appropriate escrow instructions relating to the delivery into escrow of executed documents prior to the closing of the Bonds, and such other documents mentioned in the Sale Agreement or the Indenture, which any of them may deem necessary or desirable in order to implement the Sale Agreement and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution; and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the sale of the Proposition 1A Receivable or the issuance of the Bonds, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, may be given or taken by an Authorized Officer without further authorization by this «NameofGovBody», and each Authorized Officer is hereby authorized and directed to give any such consent, approval, notice, order or request, to execute any necessary or appropriate documents or amendments, and to take any such action that such Authorized Officer may deem necessary or desirable to further the purposes of this Resolution.

Section 6. The «NameofGovBody» acknowledges that, upon execution and delivery of the Sale Agreement, the Seller is contractually obligated to sell the Proposition 1A Receivable to the Purchaser pursuant to the Sale Agreement and the Seller shall not have any option to revoke its approval of the Sale Agreement or to determine not to perform its obligations thereunder.

SAMPLE

Section 7. This Resolution shall take effect from and after its adoption and approval.

PASSED AND ADOPTED by the «NameofGovBody» of the «FullNameAgency», State of California, this _____ day of _____, 2009, by the following vote:

AYES:

NOES:

ABSENT:

[SAMPLE – DO NOT SIGN]

«TitleofSignatory»

Attest:

[SAMPLE – DO NOT SIGN]

«TitleofGove»

Approved as to form:
SELLER'S COUNSEL

By [SAMPLE – DO NOT SIGN]

Dated: _____

APPENDIX A

«FULLNAMEAGENCY»

Authorized Officers:

«NameOfficer1», «TitleOfficer1»

«NameOfficer2», «TitleOfficer2»

«NameOfficer3», «TitleOfficer3»

any designee of any of them, as appointed in a written certificate of such Authorized Officer delivered to the Trustee.

SAMPLE

«FULLNAMEAGENCY», CALIFORNIA,
as Seller

and

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY,
as Purchaser

PURCHASE AND SALE AGREEMENT

Dated as of November 1, 2009

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT, dated as of November 1, 2009 (this "Agreement"), is entered into by and between:

(1) «FULLNAMEAGENCY», a local agency of the State of California within the meaning of Section 6585(f) of the California Government Code (the "Seller"); and

(2) CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Purchaser").

RECITALS

A. Pursuant to Section 25.5 of Article XIII of the California Constitution and Section 100.06 of the California Revenue and Taxation Code, local agencies within the meaning of Section 6585(f) of the California Government Code are entitled to receive certain payments to be made by the State of California (the "State") on or before June 30, 2013, as reimbursement for reductions in the percentage of the total amount of ad valorem property tax revenues allocated to such local agencies during the State's 2009-10 fiscal year, which reductions have been authorized pursuant to Sections 100.05 and 100.06 of the California Revenue and Taxation Code.

B. The Seller is the owner of the Proposition 1A Receivable (as defined below) and is entitled to and has determined to sell all right, title and interest in and to the Proposition 1A receivable, namely, the right to payment of moneys due or to become due to the Seller pursuant to Section 25.5(a)(1)(B)(iii) of Article XIII of the California Constitution and Section 100.06 of the California Revenue and Taxation Code, in order to obtain money to fund any lawful purpose as permitted under the applicable laws of the State.

C. The Seller is authorized to sell or otherwise dispose of its property as the interests of its residents require.

D. The Purchaser, a joint exercise of powers authority organized and existing under the laws of the State, has been authorized pursuant to Section 6588(x) of the California Government Code to purchase the Proposition 1A Receivable.

E. The Seller is willing to sell, and the Purchaser is willing to purchase, the Proposition 1A Receivable upon the terms specified in this Agreement.

F. Pursuant to its Proposition 1A Receivable Financing Program (the "Program"), the Purchaser will issue its bonds (the "Bonds") pursuant to an Indenture (the "Indenture"), between the Purchaser and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and will use a portion of the proceeds thereof to purchase the Proposition 1A Receivable from the Seller.

G. The Purchaser will grant a security interest in such Proposition 1A Receivable to the Trustee and each Credit Enhancer to secure the Bonds.

AGREEMENT

NOW, THEREFORE, in consideration of the above Recitals and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Definitions and Interpretation.

(a) For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in Exhibit A attached hereto and which is incorporated by reference herein.

(b) The words "hereof," "herein," "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; section and exhibits references contained in this Agreement are references to sections and exhibits in or to this Agreement unless otherwise specified; and the term "including" shall mean "including without limitation."

(c) Any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time may be amended, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments and exhibits thereto and instruments incorporated therein; and any references to a Person are also to its permitted successors and assigns.

2. Agreement to Sell and Purchase; Conditions Precedent.

(a) The Seller agrees to sell, and the Purchaser agrees to purchase, on the Closing Date, for an amount equal to the Purchase Price, all right, title and interest of the Seller in and to the "Proposition 1A receivable" as defined in Section 6585(g) of the California Government Code (the "Proposition 1A Receivable"), namely, the right to payment of moneys due or to become due to the Seller pursuant to Section 25.5(a)(1)(B)(iii) of Article XIII of the California Constitution and Section 100.06 of the California Revenue and Taxation Code. The Purchase Price shall be paid by the Purchaser to the Seller in two equal cash installment payments, without interest (each, an "Installment Payment" and, collectively, the "Installment Payments"), on January 15, 2010, and May 3, 2010 (each a "Payment Date" and, collectively, the "Payment Dates"). The Purchaser shall pay the Purchase Price by wire transfer pursuant to wire instructions provided by the Seller to the Trustee by e-mail to john.delaray@wellsfargo.com or by facsimile to 213-614-3355, Attention: John Delaray. If wire instructions are not provided to the Trustee (or if such wire instructions are invalid) payment will be made by check mailed to the Seller's Principal Place of Business.

(b) The performance by the Purchaser of its obligations hereunder shall be conditioned upon:

- (i) Transaction Counsel receiving on or before the date the Bonds are sold (the "Pricing Date"), to be held in escrow until the Closing Date and then delivered to the Purchaser on the Closing Date, the following documents

duly executed by the Seller or its counsel, as applicable: (1) an opinion of counsel to the Seller dated the Pricing Date in substantially the form attached hereto as Exhibit B1, (2) certificates dated the Pricing Date in substantially the forms attached hereto as Exhibit C1 and Exhibit C2, (3) irrevocable instructions to the Controller dated as of the Closing Date in substantially the form attached hereto as Exhibit D, (4) this Agreement, (5) a certified copy of the resolution of the Seller's «Name of Gov Body» approving this Agreement, the transactions contemplated hereby and the documents attached hereto as exhibits, and (6) an escrow instruction letter in substantially the form attached hereto as Exhibit E;

- (ii) Transaction Counsel receiving on or before the Pricing Date, (1) a bringdown opinion of counsel to the Seller dated as of the Closing Date in substantially the form attached hereto as Exhibit B2, and (2) a bill of sale and bringdown certificate of the Seller (the "Bill of Sale") in substantially the form attached hereto as Exhibit C3, provided that the Purchaser may waive, in its sole discretion, the requirements of Section 2(b)(ii)(1);
- (iii) the Purchaser issuing Bonds in an amount which will be sufficient to pay the Purchase Price; and
- (iv) the receipt by the Purchaser of a certification of the County Auditor confirming the Initial Amount of the Proposition 1A Receivable pursuant to the Act.

(c) The performance by the Seller of its obligations hereunder shall be conditioned solely upon the Purchaser's issuance of the Bonds its execution and delivery of this Agreement, pursuant to which it is legally obligated to pay the Installment Payments to the Seller on the Payment Dates as set forth in this Agreement, and no other act or omission on the part of the Purchaser or any other party shall excuse the Seller from performing its obligations hereunder. Seller specifically disclaims any right to rescind this Agreement, or to assert that title to the Proposition 1A Receivable has not passed to the Purchaser, should Purchaser fail to make Installment Payments in the requisite amounts on the Payment Dates.

3. Purchase Price, Conveyance of Proposition 1A Receivable and Payment of Purchase Price.

(a) Upon pricing of the Bonds by the Purchaser, the Purchaser will inform the Seller that it will pay the Purchase Price in Installment Payments on the Payment Dates.

(b) In consideration of the Purchaser's agreement to pay and deliver to the Seller the Installment Payments on the Payment Dates, the Seller agrees to (i) transfer, grant, bargain, sell, assign, convey, set over and deliver to the Purchaser, absolutely and not as collateral security, without recourse except as expressly provided herein, and the Purchaser agrees to purchase, accept and receive, the Proposition 1A Receivable, and (ii) assign to the Purchaser, to the extent permitted by law, all present or future rights, if any, of the Seller to enforce or cause the enforcement of payment of the Proposition 1A Receivable pursuant to the Act and other

applicable law. Such transfer, grant, bargain, sale, assignment, conveyance, set over and delivery is hereby expressly stated to be a sale and, pursuant to Section 6588.6(b) of the California Government Code, shall be treated as an absolute sale and transfer of the Proposition 1A Receivable, and not as a grant of a security interest by the Seller to secure a borrowing. This is the statement referred to in Sections 6588.6(b) and (c) of the California Government Code.

4. Representations and Warranties of the Purchaser. The Purchaser represents and warrants to the Seller, as of the date hereof, as follows:

(a) The Purchaser is duly organized, validly existing and in good standing under the laws of the State of California.

(b) The Purchaser has full power and authority to enter into this Agreement and to perform its obligations hereunder and has duly authorized such purchase and assignment of the Proposition 1A Receivable by the Purchaser by all necessary action.

(c) Neither the execution and delivery by the Purchaser of this Agreement, nor the performance by the Purchaser of its obligations hereunder, shall conflict with or result in a breach or default under any of its organizational documents, any law, rule, regulation, judgment, order or decree to which it is subject or any agreement or instrument to which it is a party.

(d) To the best of the knowledge of the Purchaser, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or threatened in any way against the Purchaser affecting the existence of the Purchaser or the titles of its commissioners or officers, or seeking to restrain or to enjoin the purchase of the Proposition 1A Receivable or to direct the application of the proceeds of the purchase thereof, or in any way contesting or affecting the validity or enforceability of any of the Transaction Documents or any other applicable agreements or any action of the Purchaser contemplated by any of said documents, or in any way contesting the powers of the Purchaser or its authority with respect to the Transaction Documents to which it is a party or any other applicable agreement, or any action on the part of the Purchaser contemplated by the Transaction Documents, or in any way seeking to enjoin or restrain the Purchaser from purchasing the Proposition 1A Receivable or which if determined adversely to the Purchaser would have an adverse effect upon the Purchaser's ability to purchase the Proposition 1A Receivable, nor to the knowledge of the Purchaser is there any basis therefor.

(e) This Agreement, and its execution, delivery and performance hereof have been duly authorized by it, and this Agreement has been duly executed and delivered by it and constitutes its valid and binding obligation enforceable against it in accordance with the terms hereof, subject to the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws relating to or affecting creditors' rights generally or the application of equitable principles in any proceeding, whether at law or in equity.

(f) The Purchaser is a separate legal entity, acting solely through its authorized representatives, from the Seller, maintaining separate records, books of account, assets, bank accounts and funds, which are not and have not been commingled with those of the Seller.

(g) All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would adversely affect, the purchase by the Purchaser of the Proposition 1A Receivable or the performance by the Purchaser of its obligations under the Transaction Documents to which it is a party and any other applicable agreements, have been obtained and are in full force and effect.

(h) Insofar as it would materially adversely affect the Purchaser's ability to enter into, carry out and perform its obligations under any or all of the Transaction Documents to which it is a party, or consummate the transactions contemplated by the same, the Purchaser is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which it is a party or to which it or any of its property or assets is otherwise subject, and, to the best of the knowledge of the Purchaser, no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, and the execution and delivery by the Purchaser of the Transaction Documents to which it is a party, and compliance by the Purchaser with the provisions thereof, under the circumstances contemplated thereby, do not and will not conflict with or constitute on the part of the Purchaser a breach of or default under any agreement or other instrument to which the Purchaser is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Purchaser is subject.

5. Representations and Warranties of the Seller. The Seller hereby represents and warrants to the Purchaser, as of the date hereof, as follows:

(a) The Seller is a local agency within the meaning of Section 6585(f) of the California Government Code, with full power and authority to execute and deliver this Agreement and to carry out its terms.

(b) The Seller has full power, authority and legal right to sell and assign the Proposition 1A Receivable to the Purchaser and has duly authorized such sale and assignment to the Purchaser by all necessary action; and the execution, delivery and performance by the Seller of this Agreement has been duly authorized by the Seller by all necessary action.

(c) This Agreement has been, and as of the Closing Date the Bill of Sale will have been, duly executed and delivered by the Seller and, assuming the due authorization, execution and delivery of this Agreement by the Purchaser, each of this Agreement and the Bill of Sale constitutes a legal, valid and binding obligation of the Seller enforceable in accordance with its terms, subject to the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws relating to or affecting creditors' rights generally or the application of equitable principles in any proceeding, whether at law or in equity.

(d) All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would adversely affect, the sale by the Seller of the Proposition 1A Receivable or the performance by the Seller of its

obligations under the Resolution and the Transaction Documents to which it is a party and any other applicable agreements, have been obtained and are in full force and effect.

(e) Insofar as it would materially adversely affect the Seller's ability to enter into, carry out and perform its obligations under any or all of the Transaction Documents to which it is a party, or consummate the transactions contemplated by the same, the Seller is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which it is a party or to which it or any of its property or assets is otherwise subject, and, to the best of the knowledge of the Seller, no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, and the adoption of the Resolution and the execution and delivery by the Seller of the Transaction Documents to which it is a party, and compliance by the Seller with the provisions thereof, under the circumstances contemplated thereby, do not and will not conflict with or constitute on the part of the Seller a breach of or default under any agreement or other instrument to which the Seller is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Seller is subject.

(f) To the best of the knowledge of the Seller, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or threatened in any way against the Seller affecting the existence of the Seller or the titles of its «NameofGovBody» members or officers to their respective offices, or seeking to restrain or to enjoin the sale of the Proposition 1A Receivable or to direct the application of the proceeds of the sale thereof, or in any way contesting or affecting the validity or enforceability of any of the Transaction Documents or any other applicable agreements or any action of the Seller contemplated by any of said documents, or in any way contesting the powers of the Seller or its authority with respect to the Resolution or the Transaction Documents to which it is a party or any other applicable agreement, or any action on the part of the Seller contemplated by the Transaction Documents, or in any way seeking to enjoin or restrain the Seller from selling the Proposition 1A Receivable or which if determined adversely to the Seller would have an adverse effect upon the Seller's ability to sell the Proposition 1A Receivable, nor to the knowledge of the Seller is there any basis therefor.

(g) Prior to the sale of the Proposition 1A Receivable to the Purchaser, the Seller was the sole owner of the Proposition 1A Receivable, and has such right, title and interest to the Proposition 1A Receivable as provided in the Act. From and after the conveyance of the Proposition 1A Receivable by the Seller to Purchaser on the Closing Date, the Seller shall have no right, title or interest in or to the Proposition 1A Receivable. Except as provided in this Agreement, the Seller has not sold, transferred, assigned, set over or otherwise conveyed any right, title or interest of any kind whatsoever in all or any portion of the Proposition 1A Receivable, nor has the Seller created, or to the best knowledge of the Seller permitted the creation of, any lien, pledge, security interest or any other encumbrance (a "Lien") thereon. Prior to the sale of the Proposition 1A Receivable to the Purchaser, the Seller held title to the Proposition 1A Receivable free and clear of any Liens. As of the Closing Date, this Agreement, together with the Bill of Sale, constitutes a valid and absolute sale to the Buyer of all of the Seller's right, title and interest in and to the Proposition 1A Receivable.

(h) The Seller acts solely through its authorized officers or agents.

(i) The Seller maintains records and books of account separate from those of the Purchaser.

(j) The Seller maintains its respective assets separately from the assets of the Purchaser (including through the maintenance of separate bank accounts); the Seller's funds and assets, and records relating thereto, have not been and are not commingled with those of the Purchaser.

(k) The Seller's principal place of business and chief executive office is located at «AgencyAddress», «AgencyCity», «AgencyState» «AgencyZip».

(l) The aggregate amount of the Installment Payments is reasonably equivalent value for the Proposition 1A Receivable. The Seller acknowledges that the amount payable to or on behalf of the Purchaser by the State with respect to the Proposition 1A Receivable will be in excess of the Purchase Price and the Initial Amount of the Proposition 1A Receivable and confirms that it has no claim to any such excess amount whatsoever.

(m) The Seller does not act as an agent of the Purchaser in any capacity, but instead presents itself to the public as an entity separate from the Purchaser.

(n) The Seller has not guaranteed and shall not guarantee the obligations of the Purchaser, nor shall it hold itself out or permit itself to be held out as having agreed to pay or as being liable for the debts of the Purchaser; and the Seller has not received nor shall the Seller accept any credit or financing from any Person who is relying upon the availability of the assets of the Purchaser in extending such credit or financing. The Seller has not purchased and shall not purchase any of the Bonds or any interest therein.

(o) All transactions between or among the Seller, on the one hand, and the Purchaser on the other hand (including, without limitation, transactions governed by contracts for services and facilities, such as payroll, purchasing, accounting, legal and personnel services and office space), whether existing on the date hereof or entered into after the date hereof, shall be on terms and conditions (including, without limitation, terms relating to amounts to be paid thereunder) which are believed by each such party thereto to be both fair and reasonable and comparable to those available on an arms-length basis from Persons who are not affiliates.

(p) The Seller has not, under the provisions of Section 100.06(b) of the California Revenue and Taxation Code, received a reduction for hardship or otherwise, nor has it requested, made arrangements for, or completed a reallocation or exchange with any other local agency, of the total amount of the ad valorem property tax revenue reduction allocated to the Seller pursuant to Section 100.06(a) of the California Revenue and Taxation Code.

6. Covenants of the Seller.

(a) The Seller shall not take any action or omit to take any action which adversely affects the interests of the Purchaser in the Proposition 1A Receivable and in the proceeds thereof. The Seller shall not take any action or omit to take any action that shall adversely affect

the ability of the Purchaser, and any assignee of the Purchaser, to receive payments of the Proposition 1A Receivable.

(b) The Seller shall not take any action or omit to take any action that would impair the validity or effectiveness of the Act, nor, without the prior written consent of the Purchaser or its assignees, agree to any amendment, modification, termination, waiver or surrender of, the terms of the Act, or waive timely performance or observance under the Act. Nothing in this agreement shall impose a duty on the Seller to seek to enforce the Act or to seek enforcement thereof by others, or to prevent others from modifying, terminating, discharging or impairing the validity or effectiveness of the Act.

(c) Upon request of the Purchaser or its assignee, (i) the Seller shall execute and deliver such further instruments and do such further acts (including being named as a plaintiff in an appropriate proceeding) as may be reasonably necessary or proper to carry out more effectively the purposes and intent of this Agreement and the Act, and (ii) the Seller shall take all actions necessary to preserve, maintain and protect the title of the Purchaser to the Proposition 1A Receivable.

(d) On or before the Closing Date, the Seller shall send (or cause to be sent) an irrevocable instruction to the Controller pursuant to Section 6588.6(c) of California Government Code to cause the Controller to disburse all payments of the Proposition 1A Receivable to the Trustee, together with notice of the sale of the Proposition 1A Receivable to the Purchaser and the assignment of all or a portion of such assets by the Purchaser to the Trustee. Such notice and instructions shall be in the form of Exhibit D hereto. The Seller shall not take any action to revoke or which would have the effect of revoking, in whole or in part, such instructions to the Controller. Upon sending such irrevocable instruction, the Seller shall have relinquished and waived any control over the Proposition 1A Receivable, any authority to collect the Proposition 1A Receivable, and any power to revoke or amend the instructions to the Controller contemplated by this paragraph. Except as provided in Section 2(c) of this Agreement, the Seller shall not rescind, amend or modify the instruction described in the first sentence of this paragraph. The Seller shall cooperate with the Purchaser or its assignee in giving instructions to the Controller if the Purchaser or its assignee transfers the Proposition 1A Receivable. In the event that the Seller receives any proceeds of the Proposition 1A Receivable, the Seller shall hold the same in trust for the benefit of the Purchaser and the Trustee and each Credit Enhancer, as assignees of the Purchaser, and shall promptly remit the same to the Trustee.

(e) The Seller hereby covenants and agrees that it will not at any time institute against the Purchaser, or join in instituting against the Purchaser, any bankruptcy, reorganization, arrangement, insolvency, liquidation, or similar proceeding under any United States or state bankruptcy or similar law.

(f) The financial statements and books and records of the Seller prepared after the Closing Date shall reflect the separate existence of the Purchaser and the sale to the Purchaser of the Proposition 1A Receivable.

(g) The Seller shall treat the sale of the Proposition 1A Receivable as a sale for regulatory and accounting purposes.

(h) From and after the date of this Agreement, the Seller shall not sell, transfer, assign, set over or otherwise convey any right, title or interest of any kind whatsoever in all or any portion of the Proposition 1A Receivable, nor shall the Seller create, or to the knowledge of the Seller permit the creation of, any Lien thereon.

7. The Purchaser's Acknowledgment. The Purchaser acknowledges that the Proposition 1A Receivable is not a debt or liability of the Seller, and that the Proposition 1A Receivable is payable solely by the State from the funds of the State provided therefor. Consequently, neither the taxing power of the Seller, nor the full faith and credit thereof is pledged to the payment of the Proposition 1A Receivable. No representation is made by the Seller concerning the obligation or ability of the State to make any payment of the Proposition 1A Receivable pursuant to Section 100.06 of the Revenue and Taxation Code and Section 25.5 of Article XIII of the California Constitution, nor is any representation made with respect to the ability of the State to enact any change in the law applicable to the Transaction Documents (including without limitation Section 100.06 of the Revenue and Taxation Code or Section 6588.6 of the Government Code). The Purchaser acknowledges that the Seller has no obligation with respect to any offering document or disclosure related to the Bonds.

8. Notices of Breach.

(a) Upon discovery by the Seller or the Purchaser that the Seller or Purchaser has breached any of its covenants or that any of the representations or warranties of the Seller or the Purchaser are materially false or misleading, in a manner that materially and adversely affects the value of the Proposition 1A Receivable or the Purchase Price thereof, the discovering party shall give prompt written notice thereof to the other party and to the Trustee, as assignee of the Purchaser, who shall, pursuant to the Indenture, promptly thereafter notify each Credit Enhancer and the Rating Agencies.

(b) The Seller shall not be liable to the Purchaser, the Trustee, the holders of the Bonds, or any Credit Enhancer for any loss, cost or expense resulting from the failure of the Trustee, any Credit Enhancer or the Purchaser to promptly notify the Seller upon the discovery by an authorized officer of the Trustee, any Credit Enhancer or the Purchaser of a breach of any covenant or any materially false or misleading representation or warranty contained herein.

9. Liability of Seller; Indemnification. The Seller shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Seller under this Agreement. The Seller shall indemnify, defend and hold harmless the Purchaser, the Trustee and each Credit Enhancer, as assignees of the Purchaser, and their respective officers, directors, employees and agents from and against any and all costs, expenses, losses, claims, damages and liabilities to the extent that such cost, expense, loss, claim, damage or liability arose out of, or was imposed upon any such Person by the Seller's breach of any of its covenants contained herein or any materially false or misleading representation or warranty of the Seller contained herein. Notwithstanding anything to the contrary herein, the Seller shall have no liability for the payment of the principal of or interest on the Bonds issued by the Purchaser.

10. Limitation on Liability.

(a) The Seller and any officer or employee or agent of the Seller may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person respecting any matters arising hereunder. The Seller shall not be under any obligation to appear in, prosecute or defend any legal action regarding the Act that is unrelated to its specific obligations under this Agreement.

(b) No officer or employee of the Seller shall have any liability for the representations, warranties, covenants, agreements or other obligations of the Seller hereunder or in any of the certificates, notices or agreements delivered pursuant hereto, as to all of which recourse shall be had solely to the assets of the Seller.

11. The Seller's Acknowledgment. The Seller hereby agrees and acknowledges that the Purchaser intends to assign and grant a security interest in all or a portion of (a) its rights hereunder and (b) the Proposition 1A Receivable, to the Trustee and each Credit Enhancer pursuant to the Indenture. The Seller further agrees and acknowledges that the Trustee, the holders of the Bonds, and each Credit Enhancer have relied and shall continue to rely upon each of the foregoing representations, warranties and covenants, and further agrees that such Persons are entitled so to rely thereon. Each of the above representations, warranties and covenants shall survive any assignment and grant of a security interest in all or a portion of this Agreement or the Proposition 1A Receivable to the Trustee and each Credit Enhancer and shall continue in full force and effect, notwithstanding any subsequent termination of this Agreement and the other Transaction Documents. The above representations, warranties and covenants shall inure to the benefit of the Trustee and each Credit Enhancer.

12. Notices. All demands upon or, notices and communications to, the Seller, the Purchaser, the Trustee or the Rating Agencies under this Agreement shall be in writing, personally delivered or mailed by certified mail, return receipt requested, to such party at the appropriate notice address, and shall be deemed to have been duly given upon receipt.

13. Amendments. This Agreement may be amended by the Seller and the Purchaser, with (a) the consent of the Trustee, (b) the consent of each Credit Enhancer, and (c) a Rating Agency Confirmation, but without the consent of any of the holders of the Bonds, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement.

Promptly after the execution of any such amendment, the Purchaser shall furnish written notification of the substance of such amendment to the Trustee and to the Rating Agencies.

14. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Seller, the Purchaser and their respective successors and permitted assigns. The Seller may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Purchaser. Except as specified herein, the Purchaser may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Seller.

15. Third Party Rights. The Trustee and each Credit Enhancer are express and intended third party beneficiaries under this Agreement. Nothing expressed in or to be implied from this Agreement is intended to give, or shall be construed to give, any Person, other than the parties hereto, the Trustee, and each Credit Enhancer, and their permitted successors and assigns hereunder, any benefit or legal or equitable right, remedy or claim under or by virtue of this Agreement or under or by virtue of any provision herein.

16. Partial Invalidity. If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

17. Counterparts. This Agreement may be executed in any number of identical counterparts, any set of which signed by all the parties hereto shall be deemed to constitute a complete, executed original for all purposes.

18. Entire Agreement. This Agreement sets forth the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes any and all oral or written agreements or understandings between the parties as to the subject matter hereof.

SAMPLE

19. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Seller and the Purchaser have caused this Agreement to be duly executed as of the date first written above.

«FULLNAMEAGENCY», as Seller

By: _____ [SAMPLE – DO NOT SIGN]

Authorized Officer

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY, as Purchaser

By: _____ [SAMPLE – DO NOT SIGN]

Authorized Signatory

SAMPLE

EXHIBIT A DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined herein shall have the meanings set forth below.

“Act” means Chapter 14XXXX of the California Statutes of 2009 (Assembly Bill No. 15), as amended.

“Bill of Sale” has the meaning given to that term in Section 2(b)(ii) hereof.

“Closing Date” means the date on which the Bonds are issued. The Closing Date is expected to be November 19, 2009, but the Purchaser may change the Closing Date by providing e-mail notification to «PriEmailAddress» not later than one day prior to the Closing Date.

“Controller” means the Controller of the State.

“County Auditor” means the auditor or auditor-controller of the county within which the Seller is located.

“Credit Enhancer” means any municipal bond insurance company, bank or other financial institution or organization which is performing in all material respects its obligations under any Credit Support Instrument for some or all of the Bonds.

“Credit Support Instrument” means a policy of insurance, a letter of credit, a stand-by purchase agreement, a revolving credit agreement or other credit arrangement pursuant to which a Credit Enhancer provides credit or liquidity support with respect to the payment of interest, principal or purchase price of the Bonds.

“Initial Amount” means, with respect to the Proposition 1A Receivable, the amount of property tax revenue reallocated away from the Seller pursuant to the provisions of Section 100.06 of the Revenue and Taxation Code, as certified by the County Auditor pursuant to the Act.

“Installment Payments” have the meaning set forth in Section 2(a).

“Payment Dates” have the meaning set forth in Section 2(a).

“Pricing Date” means the date on which the Bonds are sold. The Pricing Date is expected to be November 10, 2009, but the Purchaser may change the Pricing Date by providing e-mail notification to «PriEmailAddress» not later than one day prior to the Pricing Date.

“Principal Place of Business” means, with respect to the Seller, the location of the Seller’s principal place of business and chief executive office located at «AgencyAddress», «AgencyCity», «AgencyState» «AgencyZip».

“Proposition 1A Receivable” has the meaning set forth in Section 2(a).

“Purchase Price” means an amount equal to the Initial Amount.

“Rating Agency” means any nationally recognized rating agency then providing or maintaining a rating on the Bonds at the request of the Purchaser.

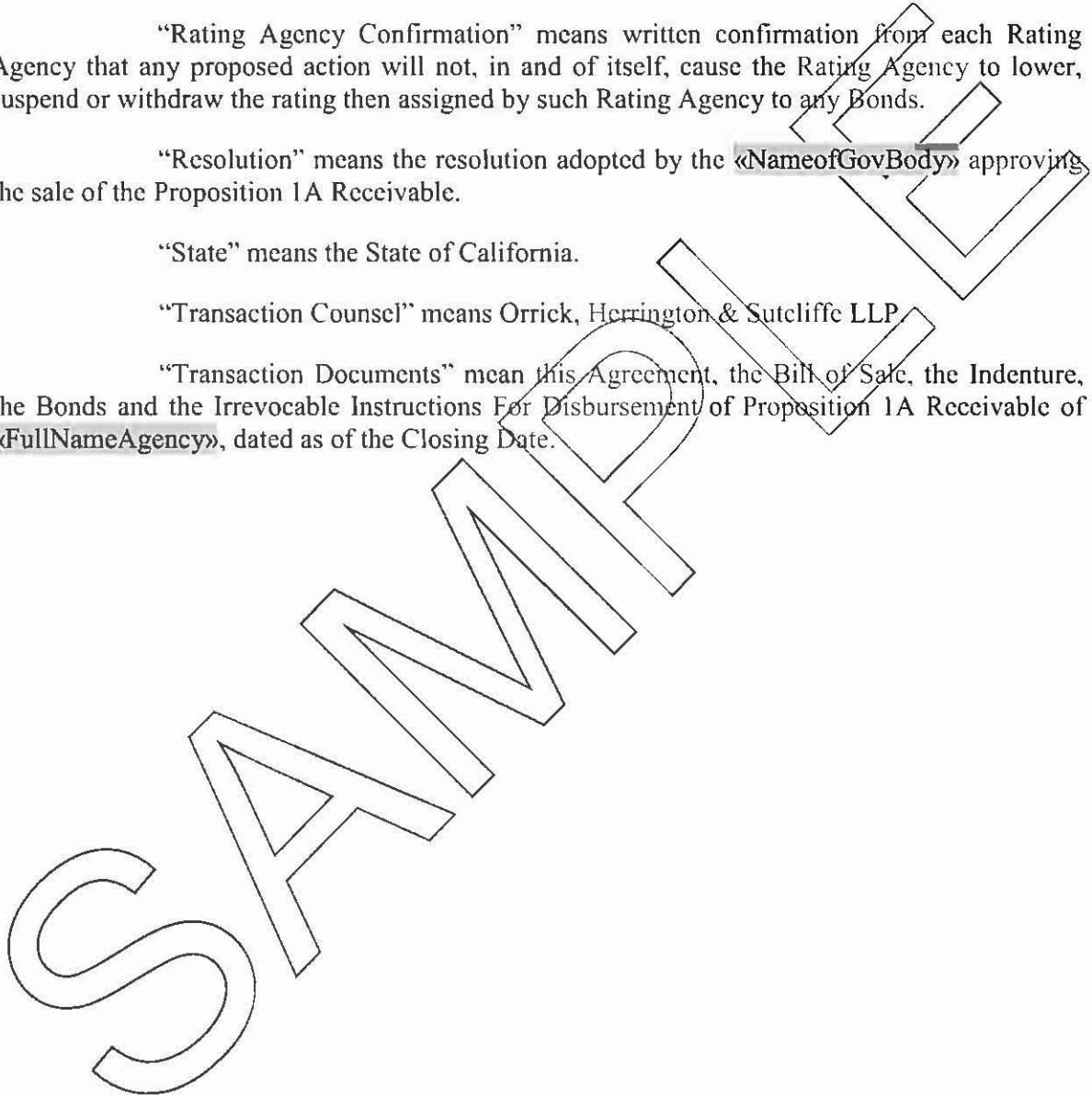
“Rating Agency Confirmation” means written confirmation from each Rating Agency that any proposed action will not, in and of itself, cause the Rating Agency to lower, suspend or withdraw the rating then assigned by such Rating Agency to any Bonds.

“Resolution” means the resolution adopted by the «NameofGovBody» approving the sale of the Proposition 1A Receivable.

“State” means the State of California.

“Transaction Counsel” means Orrick, Herrington & Sutcliffe LLP

“Transaction Documents” mean this Agreement, the Bill of Sale, the Indenture, the Bonds and the Irrevocable Instructions For Disbursement of Proposition 1A Receivable of «FullNameAgency», dated as of the Closing Date.



OPINION OF COUNSEL
to
«FULLNAMEAGENCY»

Dated: Pricing Date

California Statewide Communities Development Authority
Sacramento, California

Wells Fargo Bank, National Association
Los Angeles, California

Re: Sale of Proposition 1A Receivable

Ladies & Gentlemen:

[I have/This Office has] acted as counsel for the «FullNameAgency» (the “Seller”) in connection with the adoption of that certain resolution (the “Resolution”) of the «NameofGovBody» of the Seller (the “Governing Body”) pursuant to which the Seller authorized the sale to the California Statewide Communities Development Authority (the “Purchaser”) of the Seller’s “Proposition 1A Receivable”, as defined in and pursuant to the Purchase and Sale Agreement dated as of November 1, 2009 (the “Sale Agreement”) between the Seller and the Purchaser. In connection with these transactions, the Seller has issued certain Irrevocable Instructions For Disbursement of the Seller’s Proposition 1A Receivable to the Controller of the State of California (the “Disbursement Instructions”) and a Bill of Sale and Bringdown Certificate of the Seller (the “Bill of Sale” and, collectively with the Sale Agreement and the Disbursement Instructions, the “Seller Documents”).

Unless the context otherwise requires, capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Sale Agreement. [I/We] have examined and are familiar with the Seller Documents and with those documents relating to the existence, organization, and operation of the Seller, the adoption of the Resolution, and the execution of the Seller Documents, and have satisfied ourselves as to such other matters as [I/we] deem necessary in order to render the following opinions. As to paragraphs numbered 3 and 4 below, [I/we] have relied as to factual matters on the representations and warranties of the Seller contained in the Sale Agreement.

Based upon the foregoing, and subject to the limitations and qualifications set forth herein, [I/we] are of the opinion that:

1. The Seller is a local agency, within the meaning of Section 6585(f) of the California Government Code. The Governing Body is the governing body of the Seller.

2. The Resolution was duly adopted at a meeting of the Governing Body, which was called and held pursuant to law and with all public notice required by law, and at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been modified, amended or rescinded since the date of its adoption.

3. To the best of [my/our] knowledge, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or threatened in any way against the Seller (i) affecting the existence of the Seller or the titles of its Governing Body members or officers to their respective offices; (ii) seeking to restrain or to enjoin the sale of the Proposition 1A Receivable or to direct the application of the proceeds of the sale thereof, or materially adversely affecting the sale of the Proposition 1A Receivable; (iii) in any way contesting or affecting the validity or enforceability of the Resolution, Seller Documents or any other applicable agreements or any action of the Seller contemplated by any of said documents; or (iv) in any way contesting the powers of the Seller or its authority with respect to the Resolution or the Seller Documents or any other applicable agreement, or any action on the part of the Seller contemplated by any of said documents.

4. To the best of [my/our] knowledge, prior to the sale of the Proposition 1A Receivable to the Purchaser, the Seller had not sold, transferred, assigned, set over or otherwise conveyed any right, title or interest of any kind whatsoever in all or any portion of the Seller's Proposition 1A Receivable, nor had the Seller created, or permitted the creation of, any Lien thereon.

5. The Seller has duly authorized and executed the Seller Documents and, assuming the due authorization execution and delivery of the Sale Agreement by the Purchaser, each Seller Document will be legal, valid and binding against the Seller and enforceable against the Seller in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or laws relating to or affecting creditors' rights, and the application of equitable principles and the exercise of judicial discretion in appropriate areas.

No opinion is expressed concerning the obligation or ability of the State of California to make any payment of the Proposition 1A Receivable pursuant to Section 100.06 of the Revenue and Taxation Code and Section 25.5 of Article XIII of the California Constitution, nor is any opinion expressed with respect to the ability of the State to enact any change in the law applicable to the Seller Documents (including, without limitation, Section 100.06 of the Revenue and Taxation Code or Section 6588.6 of the Government Code). Furthermore, [I/we] express no opinion as to the value of the Proposition 1A Receivable or as to any legal or equitable remedies that may be available to any person should the Proposition 1A Receivable have little or no value. No opinion is expressed with respect to the sale of Bonds by the Purchaser.

The legal opinion set forth herein is intended for the information solely of the addressees hereof and for the purposes contemplated by the Sale Agreement. The addressees may not rely on it in connection with any transactions other than those described herein, and it is not to be relied upon by any other person or entity, or for any other purpose, or quoted as a whole or in part, or otherwise referred to, in any document, or to be filed with any governmental or administrative agency other than the Purchaser or with any other person or entity for any purpose without [my/our] prior written consent. In addition to the addressees hereof, each Credit Enhancer and the underwriters of the Bonds may rely upon this legal opinion as if it were addressed to them. [I/We] do not undertake to advise you of matters that may come to [my/our] attention subsequent to the date hereof that may affect the opinions expressed herein.

Very truly yours,

By: _____
[SAMPLE - DO NOT SIGN]
Seller's Counsel

SAMPLE

OPINION OF COUNSEL
to
«FULLNAMEAGENCY»

Dated: Closing Date

California Statewide Communities Development Authority
Sacramento, California

Wells Fargo Bank, National Association
Los Angeles, California

Re: Sale of Proposition 1A Receivable (Bringdown Opinion)

Ladies & Gentlemen:

Pursuant to that certain Purchase and Sale Agreement dated as of November 1, 2009 (the "Sale Agreement") between the «FullNameAgency» (the "Seller") and the California Statewide Communities Development Authority (the "Purchaser"), this Office delivered an opinion (the "Opinion") dated the Pricing Date as counsel for the Seller in connection with the sale of the Seller's Proposition 1A Receivable (as defined in the Sale Agreement), the execution of documents related thereto and certain other related matters.

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Sale Agreement.

I confirm that you may continue to rely upon the Opinion as if it were dated as of the date hereof. Each Credit Enhancer and the underwriters of the Bonds may rely upon this legal opinion as if it were addressed to them. This letter is delivered to you pursuant to Section 2(b)(ii)(1) of the Sale Agreement.

Very truly yours,

By: [SAMPLE – DO NOT SIGN]
Seller's Counsel

**EXHIBIT C1
CLERK'S CERTIFICATE**

**CERTIFICATE OF THE
«TITLEOFGOVE» OF
«FULLNAMEAGENCY», CALIFORNIA**

Dated: Pricing Date

The undersigned «TitleofGove» of the «FullNameAgency» (the "Seller"), a local agency of the State of California within the meaning of Section 6585(f) of the California Government Code, does hereby certify that the foregoing is a full, true and correct copy of Resolution No. _____ duly adopted at a «MeetingType» meeting of the «NameofGovBody» of said Seller duly and legally held at the regular meeting place thereof on the _____ day of _____, 2009, of which meeting all of the members of said «NameofGovBody» had due notice and at which a quorum was present and acting throughout, and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

I do hereby further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office and that said resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes and that said resolution has not been amended, modified or rescinded since the date of its adoption and the same is now in full force and effect.

I do hereby further certify that an agenda of said meeting was posted at least 72 hours before said meeting at a location in the City of «CityMeetingLoc», California freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Purchase and Sale Agreement, dated as of November 1, 2009, between the Seller and the California Statewide Communities Development Authority.

WITNESS by my hand as of the Pricing Date.

By: [SAMPLE – DO NOT SIGN]
«TitleofGove» of the «FullNameAgency»,
California

**EXHIBIT C2
SELLER CERTIFICATE**

SELLER CERTIFICATE

Dated: Pricing Date

We, the undersigned officers of the «FullNameAgency» (the "Seller"), a local agency of the State of California within the meaning of Section 6585(f) of the California Government Code, holding the respective offices herein below set opposite our signatures, do hereby certify that on the date hereof the following documents (the "Seller Transaction Documents") were officially executed and delivered by the Authorized Officer or Officers whose names appear on the executed copies thereof, to wit:

Document

1. Purchase and Sale Agreement, dated as of November 1, 2009 (the "Sale Agreement"), between the Seller and the California Statewide Communities Development Authority (the "Purchaser").
2. Irrevocable Instructions For Disbursement of Seller's Proposition 1A Receivable to the Controller of the State of California, dated the Closing Date.
3. Bill of Sale, dated the Closing Date.

Capitalized terms used herein and not defined herein shall have the meaning given such terms in the Sale Agreement.

We further certify as follows:

1. At the time of signing the Seller Transaction Documents and the other documents and opinions related thereto, we held said offices, respectively, and we now hold the same.
2. The representations and warranties of the Seller contained in the Seller Transaction Documents are true and correct as of the date hereof in all material respects.
3. The «NameofGovBody» duly adopted its resolution (the "Resolution") approving the sale of the Seller's Proposition 1A Receivable at a meeting of the «NameofGovBody» which was duly called and held pursuant to law with all public notice required by law and at which a quorum was present and acting when the Resolution was adopted, and such Resolution is in full force and effect and has not been amended, modified, supplemented or rescinded.

Name, Official Title

Signature

«NameOfficer1», «TitleOfficer1»

[SAMPLE – DO NOT SIGN] _____

«NameOfficer2», «TitleOfficer2»

[SAMPLE – DO NOT SIGN] _____

«NameOfficer3», «TitleOfficer3»

[SAMPLE – DO NOT SIGN] _____

I HEREBY CERTIFY that the signatures of the officers named above are genuine.

Dated: Pricing Date

By: [SAMPLE – DO NOT SIGN] _____
«TitleofGove» of the «FullNameAgency»,
California

SAMPLE

EXHIBIT C3
BILL OF SALE AND BRINGDOWN CERTIFICATE

BILL OF SALE AND BRINGDOWN CERTIFICATE

Pursuant to terms and conditions of the Purchase and Sale Agreement (the "Sale Agreement"), dated as of November 1, 2009, between the undersigned (the "Seller") and the California Statewide Communities Development Authority (the "Purchaser"), and in consideration of the obligation of the Purchaser to pay and deliver to the Seller the Purchase Price (as defined in the Sale Agreement), in two equal installment payments to be made on January 15, 2010, and May 3, 2010 (collectively, the "Payment Dates"), the Seller does hereby (a) transfer, grant, bargain, sell, assign, convey, set over and deliver to the Purchaser, absolutely and not as collateral security, without recourse except as expressly provided in the Sale Agreement, the Proposition 1A Receivable as defined in the Sale Agreement (the "Proposition 1A Receivable"), and (b) assign to the Purchaser, to the extent permitted by law (as to which no representation is made), all present or future rights, if any, of the Seller to enforce or cause the enforcement of payment of the Proposition 1A Receivable pursuant to the Act and other applicable law. Such transfer, grant, bargain, sale, assignment, conveyance, set over and delivery is hereby expressly stated to be a sale and, pursuant to Section 6588.6(b) of the California Government Code, shall be treated as an absolute sale and transfer of the Proposition 1A Receivable, and not as a grant of a security interest by the Seller to secure a borrowing. Seller specifically disclaims any right to rescind the Agreement, or to assert that title to the Proposition 1A Receivable has not passed to the Purchaser, should Purchaser fail to make the installment payments in the requisite amounts on the Payment Dates.

The Seller hereby certifies that the representations and warranties of the Seller set forth in the Certificate of the «Title of Gov» dated the Pricing Date, the Seller Certificate dated dated the Pricing Date and in the Transaction Documents to which the Seller is a party are true and correct in all material respects as of the date hereof (except for such representations and warranties made as of a specified date, which are true and correct as of such date). Capitalized terms used but not defined herein shall have the meanings given to such terms in the Sale Agreement.

Dated: Closing Date

«FULLNAMEAGENCY»

By: [SAMPLE – DO NOT SIGN]
Authorized Officer

EXHIBIT D
IRREVOCABLE INSTRUCTIONS TO CONTROLLER

IRREVOCABLE INSTRUCTIONS FOR DISBURSEMENT
OF PROPOSITION 1A RECEIVABLE OF
«FULLNAMEAGENCY»

Dated: Closing Date

Office of the Controller
State of California
P.O. Box 942850
Sacramento, California 94250-5872

Re: Notice of Sale of Proposition 1A Receivable by the «FullNameAgency»
and Wiring Instructions Information Form

Dear Sir or Madam:

Pursuant to Section 6588.6(c) of the California Government Code, «FullNameAgency» (the "Seller") hereby notifies you of the sale by Seller, effective as of the date of these instructions written above, of all right, title and interest of the Seller in and to the "Proposition 1A Receivable" as defined in Section 6585(g) of the California Government Code (the "Proposition 1A Receivable"), namely, the right to payment of moneys due or to become due to the Seller pursuant to Section 25.5(a)(1)(B)(iii) of Article XIII of the California Constitution and Section 100.06 of the California Revenue and Taxation Code.

By resolution, the Seller's «NameofGovBody» authorized the sale of the Proposition 1A Receivable to the California Statewide Communities Development Authority (the "Purchaser") pursuant to a Purchase and Sale Agreement, dated as of November 1, 2009 (the "Purchase and Sale Agreement") and a Bill of Sale, dated the Closing Date (as defined in the Purchase and Sale Agreement). The Proposition 1A Receivable has been pledged and assigned by the Purchaser pursuant to an Indenture, dated as of November 1, 2009 (the "Indenture") between the Purchaser and Wells Fargo Bank, National Association, as Trustee (the "Trustee").

The Seller hereby irrevocably requests and directs that, commencing as of the date of these instructions written above, all payments of the Proposition 1A Receivable (and documentation related thereto) be made directly to Wells Fargo Bank, National Association, as Trustee, in accordance with the wire instructions and bank routing information set forth below.

Please note that the sale of the Proposition 1A Receivable by the Seller is irrevocable and that: (i) the Seller has no power to revoke or amend these instructions at any time; (ii) the Purchaser shall have the power to revoke or amend these instructions only if there are no notes of the Purchaser outstanding under the Indenture and the Indenture has been discharged; and (iii) so long as the Indenture has not been discharged, these instructions cannot be revoked or amended by the Purchaser without the consent of the Trustee. Should

the Purchaser, however, deliver a written notice to the Office of the Controller stating that: (a) the Seller failed to meet the requirements set forth in the Purchase and Sale Agreement; (b) the Purchaser has not waived such requirements; and (c) the Purchaser has not purchased the Proposition 1A Receivable as a result of the circumstances described in (a) and (b) above, then these instructions shall be automatically rescinded and the Seller shall again be entitled to receive all payment of moneys due or to become due to the Seller pursuant to Section 25.5(a)(1)(B)(iii) of Article XIII of the California Constitution and Section 100.06 of the California Revenue and Taxation Code.

Bank Name: Wells Fargo Bank, N.A.
Bank ABA Routing #: 121000248
Bank Account #: 0001038377
Bank Account Name: Corporate Trust Clearing
Further Credit To: CSCDA Proposition 1A Bonds
Bank Address: 707 Wilshire Blvd., 17th Floor
MAC E2818-176
Los Angeles, CA 90017
Bank Telephone #: (213) 614-3353
Bank Contact Person: Robert Schneider

Please do not hesitate to call the undersigned if you have any questions regarding this transaction. Thank you for your assistance in this matter.

Very truly yours,

«FULLNAMEAGENCY»

By: _____ [SAMPLE – DO NOT SIGN]
Authorized Officer

**EXHIBIT E
ESCROW INSTRUCTION LETTER**

ESCROW INSTRUCTION LETTER

_____, 2009

California Statewide Communities Development Authority
1100 K Street
Sacramento, CA 95814

Re: Proposition 1A Receivable Financing

Dear Sir or Madam:

The «FullNameAgency» (the "Seller") hereby notifies you of its agreement to participate in the California Statewide Communities Development Authority Proposition 1A Receivable Financing. By adoption of a resolution (the "Resolution") authorizing the sale of its Proposition 1A Receivable, the Seller's «NameofGovBody» has agreed to sell to the California Statewide Communities Development Authority (the "Purchaser"), for a purchase price that meets the conditions set forth in the Resolution, all of its right, title and interest in the Proposition 1A Receivable.

Enclosed herewith are the following documents which have been duly approved and executed by the Seller and which are to be held in escrow by Orrick, Herrington & Sutcliffe LLP, as transaction counsel ("Transaction Counsel"), as instructed below:

1. certified copy of the Resolution, together with a certificate of the «TitleofGove», dated the Pricing Date;
2. the Seller Certificate, dated the Pricing Date;
3. the Opinion of Seller's Counsel, dated the Pricing Date;
4. the Opinion of Seller's Counsel (bringdown opinion), dated the Closing Date;
5. the Purchase and Sale Agreement, dated as of November 1, 2009;
6. the Bill of Sale and Bringdown Certificate, dated the Closing Date; and
7. the Irrevocable Instructions to Controller, dated the Closing Date.

The foregoing documents are to be held in escrow by Transaction Counsel and shall be delivered on the Closing Date (as defined in the Purchase and Sale Agreement), provided that such Closing Date occurs on or before December 31, 2009.

Should (i) the Closing Date not occur on or before December 31, 2009, or (ii) Transaction Counsel receive prior to the Closing Date written notification from Seller or Seller's Counsel stating, respectively and in good faith, that the representations made in the Seller's Certificate are not true and accurate, or the opinions set forth in the Opinion of Seller's Counsel are not valid, in each case as of the Closing Date and provided that the Purchaser may, in its sole discretion, choose to waive receipt of such representations or opinions, then this agreement shall terminate and Transaction Counsel shall destroy all of the enclosed documents.

Very truly yours,

«FULLNAMEAGENCY»

By: [SAMPLE - DO NOT SIGN]
Authorized Officer

Enclosures

cc: Orrick, Herrington & Sutcliffe LLP

SAMPLE



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730

FAX (805) 481-6836

September 30, 2009

TO: OCSD Board of Directors
FROM: Kevin D. Walsh, Interim General Manager
SUBJECT: **Draft 2009-2010 Budget**

Review of the Draft budget by Board members and staff has begun. This meeting will allow for an opportunity for the Board as a whole to further discuss the budget and give direction to staff.

See attached memo from the September 23, 2009 Board meeting.

Agenda Item 09 30 2009 9.c.

T:\Agendas\Bd\Itg\Agendas\2009\09302009\Draft 2009-2010 Budget



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730

FAX (805) 481-6836

September 23, 2009

TO: OCSD Board of Directors
FROM: Kevin D. Walsh, Interim General Manager
SUBJECT: Draft 2009-2010 Budget

Attached is a draft of the 2009-2010 budget. The budget has not been reviewed by the Finance Committee, but is being distributed directly to the Board. Written and numeric summaries, as well as the necessary resolutions for adoption are included within the budget. Your draft budget includes a Table of Contents for ease of locating any specific item.

- Numeric summaries for both revenues and expenditures can be found on pages 20 - 24.
- Written summaries are included at the beginning of each fund section.
- Revenues and expenditure detail for each fund are in each fund section.
- The necessary Resolutions (two required) for adoption of the budget can be found on pages 7 -9.
- The Payment and Compensation Plan remains unchanged from last year, and can be found beginning at page 11.

The 2009-2010 draft Budget follows last year's template which has been in use for many years, and is familiar to the Board, staff, and the public. As far as budgets go, the long-standing format is about as easy to use and understand as it gets, especially given the complexity of funds and revenue sources. And it strikes a good balance between detail and readability.

In the narrative discussions, there often seemed to be an excessive amount of historical information. I have removed most, but not all, of this narrative that did not seem to be germane to the draft Budget 2009-2010 revenues and expenditures. I hope this meets with the Board's satisfaction.

I will note that the Major Litigation Fund would seem better deleted, and the single expenditure shown as an expense in the Water Fund. However, if it is desired to easily track this singular expense, separating it out as is done is certainly a way to do that. Unfortunately, it has the effect of enhancing the Water Fund operating balance at the expense of the Water Fund reserves. The Board needs to give direction here as to how



Oceano Community Services District

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September 30, 2009

TO: OCSD Board of Directors
FROM: Kevin D. Walsh, Interim General Manager
SUBJECT: **Appoint Ad Hoc Committee**

In reviewing the Draft Budget it became obvious that many of our fees and charges have not been updated in several years. What is in mind here is NOT water and sewer rates, but other fees and charges that are not necessarily normally charged to our regular water sewer customers, but to developers and others needing modifications. Examples of these fees and charges would be:

- Water and Sewer Inspection Fee
- Staff & Engineer review of Plans and Specs
- Will Serve Letter Fee
- Application Fee (none presently)
- Front Footage Fee
- Fire Safety Plan
- Fire Flow Meters
- Fire Inspections
- Private Fire Hydrant charge (none presently)
- Sewer Connection Fee
- Fat Oils Grease (FOG) program
- SSLOCSD Collection charge
- Delinquent/Tax Lein Garbage Bill charge

An Ad Hoc Committee could review these fees in the context of the actual cost of providing the service and compared to what surrounding agencies are charging for similar services. The Committee would report out to the Board there recommendations. It is hoped that the Committee could finish their work prior to final budget adoption for inclusion in the budget. However, given the scope of this work, and the newness of the general manager, that may not be possible.

It may be that most of these types of fees and charges are not subject to Prop 218. Should an ad hoc committee be set up, then our attorney would be asked to review the fees and charges to determine which ones, if any, are subject to Prop 218 compliance.

THE RECOMMENDED ACTION BEFORE YOUR BOARD is to: by Board discussion, public comment, motion, second, and roll call vote: Appoint Fees and Charges Ad Hoc Committee.

Agenda Item 09 30 2009 9.d.

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