

Pursuant to Governor Newsom's Executive Order N-29-20, members of the Board of Directors, staff and public may participate in this meeting via teleconference and/or electronically. The Oceano Community Services District Boardroom will NOT be open for accessing the meeting.



**Notice of Regular Meeting**  
**Oceano Community Services District - Board of Directors Agenda**  
**WEDNESDAY, APRIL 28, 2021 – 6:00 P.M.**  
**Location: TELECONFERENCE – SEE BELOW**

**HOW TO OBSERVE THE MEETING**

This meeting will be conducted using Zoom software, which requires a name/email to be entered prior to accessing the meeting. This is not a District requirement for participation. Public participants are welcome to use an anonymous name/email if preferred.

**Telephone:** Listen to the meeting live by dialing (669) 900-9128 or (253) 215-8782. Enter **Meeting ID# 892-6279-7188** followed by the pound (#) key. Then enter the **Password: 508435** followed by the pound (#) key. If the line is busy, additional phone numbers can be found on Zoom's website at <https://zoom.us/u/abb4GNs5xM>

**Computer:** With internet access use the **Password: 508435** to watch the live streaming at <https://us02web.zoom.us/j/89262797188?pwd=Q2lUeVc5THhnZk10TEtOUTItcXRiZz09> or by going to [zoom.us](https://zoom.us) and selecting "Join A Meeting" then entering the **Meeting ID# 892-6279-7188** followed by the **Password: 508435**

**Mobile:** Log in through the Zoom Mobile App on a smartphone or tablet and enter **Meeting ID#: 892-6279-7188** then enter the **Password: 508435**.

For information on Zoom's system requirements please visit: <https://support.zoom.us/hc/en-us/articles/201362023-System-Requirements-for-PC-Mac-and-Linux>

**HOW TO SUBMIT PUBLIC COMMENTS**

**Before the Meeting:** Please email your comments to [carey@oceanocsd.org](mailto:carey@oceanocsd.org) with "Public Comment" in the subject line. In your email please include the agenda item number and title and your comments. You may also provide public comment through the District website at: <https://oceanocsd.org/contact/>. All comments received before 12:00 p.m. the day of the meeting will be included as an agenda supplement on the District's website <https://oceanocsd.org/meeting-agendas-minutes/agenda-packets/> and provided to the Directors prior to the meeting. Comments received after the deadline, but prior to the meeting start time, will be attached to the minutes of the meeting.

**Live Comments:** During the meeting, the Board President or designee will announce the opportunity for public comment. Members of the public may utilize the "raise hand" feature in Zoom to be placed into the speaking queue. Each individual speaker is limited to a presentation time of THREE (3) minutes per item. Persons wishing to speak on more than one item shall limit his/her remarks to a total of SIX (6) minutes. This time may be allocated between items in one-minute increments up to three minutes. Time limits may not be yielded to or shared with other speakers.

**To "Raise Hand:"**

- **Telephone:** Press "\* 9" to raise your hand to notify meeting host and be placed in the queue. The host will unmute and call on you when it's your time to speak.
- **Computer/Mobile Device:** Click the "raise hand" button to notify meeting host and be placed in the queue. The host will unmute and call on you when it's your time to speak. If the "raise hand" button is not displayed on the screen, please click the "participants" icon at the bottom of the screen and the "raise hand" button will appear.

All items on the agenda including information items, may be deliberated. Any member of the public with an interest in one of these items should review the background material and request information on the possible action that could be taken.

1. CALL TO ORDER
2. ROLL CALL
3. FLAG SALUTE
4. AGENDA REVIEW
5. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

*This public comment period provides an opportunity for members of the public to address the Board on matters of interest within the jurisdiction of the District that are not listed on the agenda. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.*

6. SPECIAL PRESENTATIONS & REPORTS:

A. STAFF REPORTS:

- i. Sheriff's South Station - Commander Jay Wells
- ii. FCFA Operations - Chief Steve Lieberman
- iii. Operations – Utility System Manager Tony Marraccino
- iv. OCSD General Manager – Will Clemens

B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. Director Villa
- ii. Director Gibson
- iii. Vice President White
- iv. President Austin
- v. Director Repogle

C. PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:

*This public comment period provides an opportunity for members of the public to address the Board on matters discussed during Special Presentations and Reports. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.*

7. CONSENT AGENDA ITEMS:

**Public comment** Members of the public wishing to speak on consent agenda items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

- A. Review and Approval of Minutes for the Regular Meeting of March 24, 2021
- B. Review of Cash Disbursements
- C. Submittal of the District's Fiscal Year 2020-21 Quarter 3 Treasurer Report

8. BUSINESS ITEMS:

**Public comment** Members of the public wishing to speak on business items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

- A. Approval of a Resolution Authorizing a Financing Agreement and Irrevocable Payment Instructions providing for the Refinancing of the District's Outstanding CalPERS Unfunded Accrued Liability
- B. Review of the District's Budget Status as of March 31, 2021

9. HEARING ITEMS:

**Public comment** Members of the public wishing to speak on hearing items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

10. RECEIVED WRITTEN COMMUNICATIONS:

**11. LATE RECEIVED WRITTEN COMMUNICATIONS:**

**12. FUTURE AGENDA ITEMS:** Deferred Infrastructure Program (as needed), Lopez Water Contract Amendments (Late 2021), Wastewater CIP (Future year), The Place (As directed), Old Firehouse Art (June 2021), California Voting Rights Act (Mid to late 2021), District Flag Policy/ Pride Month (As directed), Social Media Policy/ Live Stream Board Meetings (As directed), Bill insert/ mailing policy (As directed), Letter to IWMA regarding Special District Representative/Alternate (As directed), OCSD Policy & Procedure Manual review (As directed)

**13. FUTURE HEARING ITEMS:**

**14. CLOSED SESSION:**

- A. Pursuant to Government Code §54956.9(e)(3):** Conference with District Counsel regarding receipt of a claim pursuant to the Government Claims Act. Number of cases: one (1)
- B. Pursuant to Government Code 54956.9(d)(4):** Conference with legal counsel to determine whether to initiate litigation. Number of cases one (1)

**15. ADJOURNMENT:**

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This agenda was prepared and posted pursuant to Government Code Section 54954.2. Agenda is posted at the Oceano Community Services District, 1655 Front Street, Oceano, CA. Agenda and reports can be accessed and downloaded from the Oceano Community Services District website at [www.oceanocsd.org](http://www.oceanocsd.org)

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**ASSISTANCE FOR THE DISABLED** If you are disabled in any way and need accommodation to participate in the Board meeting, please call the Clerk of the Board at (805) 481-6730 for assistance at least three (3) working days prior to the meeting so necessary arrangements can be made.



# Oceano Community Services District

## Summary Minutes

Regular Meeting Wednesday, March 24, 2021 – 6:00 P.M.

Location: TELECONFERENCE

1. **CALL TO ORDER:** at approximately 6:00 p.m. by President Austin
2. **ROLL CALL:** Board members present: President Austin, Vice President White, Director Villa and Director Replogle. Staff present: General Manager Will Clemens, Business and Accounting Manager Carey Casciola and Jeff Minnery, Legal Counsel. Absent: Director Gibson
3. **FLAG SALUTE:** led by President Austin.
4. **AGENDA REVIEW:**  
A motion was made by Director Villa to approve the agenda as presented with a second from Director Replogle and a 4-0 vote. Absent: Director Gibson
5. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA:**

Lucia Casalnuovo	Commented on the March 18, 2021 Coastal Commission meeting regarding State Parks.
Julie Tacker	Requested more transparency regarding legal invoices and for the Board to agendize a discussion on transparency.

## 6. SPECIAL PRESENTATIONS & REPORTS:

### A. STAFF REPORTS:

- i. **Sheriff's South Station** – Commander Jay Wells – 534 Calls for service. 215 traffic stops. 173 police reports, of which 32 were referred to the DA for prosecution. Catalytic converter theft is on the rise again and a task force has been initiated. As a reminder to the public, please be diligent about safeguarding your property and personal belongings.
- ii. **FCFA** - Chief Steve Lieberman – Weed abatement begins in April; reminded the public to survey their property as we get into the windy and dry season. Staff is involved with professional development and technical training. UTC orientation and driver training has been completed.
- iii. **Operations** - Utility Systems Manager - Tony Marraccino - Lopez is at 39.3% full which is 19,428 AF. Continuing with daily & weekly rounds; weekly and monthly samples; 11 work orders; 18 USAs; 8 customer service calls; 3 after hours call out; 0 SSO's. The County is currently working on the Safe Routes to School project installing sidewalks on Wilmar from 16<sup>th</sup> St. to 19<sup>th</sup> St. and on Paso Robles from 15<sup>th</sup> St. to 17<sup>th</sup> St. Meter reads, re-reads and comment codes have been completed. Weed abatement a Well #8 is complete. Water service line replacement done on Pier Ave. Meter replacement program is still underway.
- iv. **OCSO General Manager** – Will Clemens – The State has implemented a rental and utility bill assistance program for residents. The District will be reaching out to delinquent customers to provide them with the information. More information can be found via a link on the homepage of our website. South County Sanitary Services Inc. has changed the garbage pick-up days in Oceano. Utility bills will be mailed next week and will include an insert regarding the new discharge period for fireworks in Oceano. State water allocation reduced from 10% to 5% due to lack of precipitation.

### B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. Director Villa – Reported on the 3/11/2021 Special Oceano Advisory Council (OAC) and the 3/18/2021 regular Oceano Advisory Council (OAC) meeting.
- ii. Director Gibson – Absent
- iii. Vice President White – Reported on the 3/19/2021 Five Cities Fire Authority (FCFA) meeting.
- iv. Director Replogle – None
- v. President Austin – None



**C. PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:**

None

Jennifer	In opposition of the Coastal Commission's recent decision. In opposition of the OAC's support of the Coast Commission's staff letter.
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**5. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA - CONTINUED:**

Gina	Expressed concerns over the closure of Pier Ave.; financial, parking and EMS access. Noted that the OAC is incorrect in their message representing the concerns of the whole community and inquired how to join the council.
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Director Replogle requested that item 7d be pulled for further discussion.

<b>7. CONSENT AGENDA:</b>	<b>ACTION:</b>
<ul style="list-style-type: none"><li>a. Review and Approval of Minutes for the Regular Meeting of March 10, 2021</li><li>b. Review of Cash Disbursements</li><li>c. Recommendation to Approve the General, Auto and other Liability Insurance Coverage for 2021 and authorize payment in the amount of \$31,051.</li></ul>	<p>After an opportunity for public comment, Board and staff discussion, a motion was made by Vice President White to approve agenda items 7A and 7B as presented and 7C as amended for the amount of \$29,567, with a second from Director Villa and a 4-0 roll call vote. Absent: Director Gibson</p> <p>Public Comment: Julie Tacker – Commented the cost of the banners placed at the Central Coast Blue injection well test site.</p>

<b>7D. CONSENT AGENDA</b>	<b>ACTION:</b>
Consideration of a Recommendation to Authorize the President to Approve and Execute an Extension of the Real Property Lease with the Village Group	<p>After an opportunity for public comment, Board and staff discussion, staff recommendations were approved with a motion from Vice President White, with a second from President Austin and a 3-1 roll call vote.</p> <p>Absent: Director Gibson</p> <p>Director Replogle dissented and requested the record reflect a no vote as she deems the lessee is engaging in discrimination based on gender and gender identity.</p> <p>Public Comment: None</p>

<b>8A. BUSINESS ITEM:</b>	<b>ACTION:</b>
Adoption of a Resolution Authorizing Entering into a Funding Agreement with the State Water Resources Control Board (SWB) and Authorizing and Designating a Representative for the Stormwater Capture and Groundwater Recharge Project	<p>After an opportunity for public comment, Board and staff discussion, staff recommendations were approved with a motion from Vice President White, with a second from Director Villa and a 4-0 roll call vote.</p> <p>Absent: Director Gibson</p> <p>Public Comment: Jeff Edwards – Commented the project scope and cost.</p>

**9. HEARING ITEMS:** None

**10. RECEIVED WRITTEN COMMUNICATIONS:** None

**11. LATE RECEIVED WRITTEN COMMUNICATIONS:** None

12. **FUTURE AGENDA ITEMS:** Deferred Infrastructure Program (as needed), Lopez Water Contract Amendments (Late 2021), Wastewater CIP (Future year), The Place (As directed), Old Firehouse Art (June 2021), California Voting Rights Act (Mid to late 2021), District Flag Policy/ Pride Month (As directed), Social Media Policy/ Live Stream Board Meetings (As directed), Bill insert/ mailing policy (As directed), Letter to IWMA regarding Special District Representative/Alternate (April 2021)

Director Replogle requested the OCSD Policies & Procedures manual be added to future agenda items for review as time permits in 2022.

Director Replogle requested the Board agendaize discussion on how to address harassment of board members by the public.

13. **FUTURE HEARING ITEMS:** None
14. **CLOSED SESSION:** None
15. **ADJOURNMENT:** at approximately 7:30 pm



# Oceano Community Services District

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

PHONE (805) 481-6730 FAX (805) 481-6836

**Date:** April 28, 2021

**To:** Board of Directors

**From:** Carey Casciola, Business and Accounting Manager

**Subject:** **Agenda Item #7(B): Recommendation to Review Cash Disbursements**

## Recommendation

It is recommended that your board review the attached cash disbursements:

## Discussion

The following is a summary of the attached cash disbursements:

Description	Check Sequence	Amounts
	58893 - 58940	
<b>Disbursements:</b>		
Regular Payable Reigster - paid 4/01/2021	58893 - 58909	\$ 302,266.85
Regular Payable Reigster - paid 4/14/2021	58924 - 58940	\$ 15,879.95
Subtotal:		\$ 318,146.80
<b>Reoccurring Payments for Board Review (authorized by Resolution 2020-06):</b>		
Payroll Disbursements - PPE 03/27/2021	N/A	\$ 31,622.27
Payroll Disbursements - PPE 04/10/2021	N/A	\$ 32,068.51
Board Member Stipends - May 2020 - March 2021	N/A	\$ 1,991.53
Mechanics Bank Visa Card Online Payment - paid 4/13/2021	N/A	\$ 97.43
Reoccurring Utility Disbursements - paid 4/01/2021	58910 - 58914	\$ 4,600.47
Reoccurring Health Disbursements - paid 4/01/2021	58915 - 58916	\$ 10,576.12
Reoccurring Utility Disbursements - paid 4/14/2021	58917 - 58922	\$ 2,542.41
Reoccurring Health Disbursements - paid 4/14/2021	58923	\$ 56.21
Subtotal:		\$ 83,554.95
Grand Total:		\$ 401,701.75

## Other Agency Involvement

N/A

## Other Financial Considerations

Amounts are within the authorized Fund level budgets.

## Results

The Board's review of cash disbursements is an integral component of the District's system of internal controls and promotes a well governed community.

COMPANY: 99 - POOLED CASH FUND  
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 058893 THRU 058909

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT----	STATUS	FOLIO	CLEAR DATE	
CHECK:	-----								
1-1001-000	4/01/2021	CHECK	058893	ADAMSKI MOROSKI MADDEN CUMBERL	3,609.50CR	OUTSTND	A	0/00/0000	LEGAL - GENL & GROUNDWATER LITIGATION
1-1001-000	4/01/2021	CHECK	058894	AQUA-METRIC	1,470.54CR	OUTSTND	A	0/00/0000	INVENTORY
1-1001-000	4/01/2021	CHECK	058895	ARAMARK	761.76CR	OUTSTND	A	0/00/0000	UNIFORMS
1-1001-000	4/01/2021	CHECK	058896	BRENT SARKISON DBA CALTEC COMP	30.00CR	OUTSTND	A	0/00/0000	MONTHLY STD BKUP
1-1001-000	4/01/2021	CHECK	058897	CITY OF ARROYO GRANDE	3,000.86CR	OUTSTND	A	0/00/0000	WHEELING SVCS, JAN-MAR 2021
1-1001-000	4/01/2021	CHECK	058898	CLINICAL LAB OF SAN BERNARDINO	160.00CR	OUTSTND	A	0/00/0000	SAMPLES - FEB 2021
1-1001-000	4/01/2021	CHECK	058899	COASTAL ROLLOFF SERVICE	373.88CR	OUTSTND	A	0/00/0000	TRASH CLEAN UP NOV 2020
1-1001-000	4/01/2021	CHECK	058900	FIVE CITIES FIRE AUTHORITY	284,537.00CR	OUTSTND	A	0/00/0000	JPA-QUARTERLY PMT
1-1001-000	4/01/2021	CHECK	058901	ICONIX WATERWORKS (US) INC.	4,006.86CR	OUTSTND	A	0/00/0000	CONTROL VALVE
1-1001-000	4/01/2021	CHECK	058902	J.B. DEWAR, INC.	134.00CR	OUTSTND	A	0/00/0000	FUEL
1-1001-000	4/01/2021	CHECK	058903	MINER'S ACE HARDWARE, INC.	14.18CR	OUTSTND	A	0/00/0000	SUPPLIES FOR REPAIR
1-1001-000	4/01/2021	CHECK	058904	QUILL CORPORATION	193.04CR	OUTSTND	A	0/00/0000	OFFICE SUPPLY
1-1001-000	4/01/2021	CHECK	058905	R&R ROLL-OFF LLC	664.32CR	OUTSTND	A	0/00/0000	TRASH CLEAN UP
1-1001-000	4/01/2021	CHECK	058906	SCOTT O'BRIEN FIRE & SAFETY CO	578.54CR	OUTSTND	A	0/00/0000	ANNUAL FIRE EXTINGUISHER MAINTENANCE
1-1001-000	4/01/2021	CHECK	058907	TARGET SOLUTIONS LEARNING, LLC	1,504.79CR	OUTSTND	A	0/00/0000	ANNUAL SOFTWARE MEMBERSHIP/MAINT
1-1001-000	4/01/2021	CHECK	058908	THE TRIBUNE	685.97CR	OUTSTND	A	0/00/0000	ANNUAL RENEWAL
1-1001-000	4/01/2021	CHECK	058909	TROESH COLEMAN PACIFIC	541.61CR	OUTSTND	A	0/00/0000	ROAD BASE INVENTORY
TOTALS FOR ACCOUNT 1-1001-0				CHECK TOTAL:	302,266.85CR				
				DEPOSIT TOTAL:	0.00				
				INTEREST TOTAL:	0.00				
				MISCELLANEOUS TOTAL:	0.00				
				SERVICE CHARGE TOTAL:	0.00				
				EFT TOTAL:	0.00				
				BANK-DRAFT TOTAL:	0.00				

COMPANY: 99 - POOLED CASH FUND  
ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
TYPE: All  
STATUS: All  
FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999  
CLEAR DATE: 0/00/0000 THRU 99/99/9999  
STATEMENT: 0/00/0000 THRU 99/99/9999  
VOIDED DATE: 0/00/0000 THRU 99/99/9999  
AMOUNT: 0.00 THRU 999,999,999.99  
CHECK NUMBER: 058893 THRU 058909

ACCOUNT            --DATE--    --TYPE--    NUMBER    -----DESCRIPTION-----    ----AMOUNT---    STATUS    FOLIO    CLEAR DATE

TOTALS FOR POOLED CASH FUND	CHECK	TOTAL:	302,266.85CR
	DEPOSIT	TOTAL:	0.00
	INTEREST	TOTAL:	0.00
	MISCELLANEOUS	TOTAL:	0.00
	SERVICE CHARGE	TOTAL:	0.00
	EFT	TOTAL:	0.00
	BANK-DRAFT	TOTAL:	0.00

COMPANY: 99 - POOLED CASH FUND  
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 058924 THRU 058940

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE	
CHECK:	-----								
1-1001-000	4/14/2021	CHECK	058924	ARAMARK	180.00CR	OUTSTND	A	0/00/0000	UNIFORMS
1-1001-000	4/14/2021	CHECK	058925	BURDINE PRINTING & GRAPHICS	1,623.70CR	OUTSTND	A	0/00/0000	U/B MAIL & POSTAGE
1-1001-000	4/14/2021	CHECK	058926	CALPORTLAND CONSTRUCTION	300.09CR	OUTSTND	A	0/00/0000	PAVING
1-1001-000	4/14/2021	CHECK	058927	CARQUEST AUTO PARTS	14.00CR	OUTSTND	A	0/00/0000	VEHICLE SUPPLY
1-1001-000	4/14/2021	CHECK	058928	CENTRAL COAST TOWING	50.00CR	OUTSTND	A	0/00/0000	TOW
1-1001-000	4/14/2021	CHECK	058929	ENERGY LINK INDUSTRIAL SERVICE	866.92CR	OUTSTND	A	0/00/0000	UTILITY TRUCK SVC
1-1001-000	4/14/2021	CHECK	058930	EVERYWHERE RIGHT NOW, INC.	160.00CR	OUTSTND	A	0/00/0000	WEBSITE UPDATE
1-1001-000	4/14/2021	CHECK	058931	FAMCON PIPE & SUPPLY, INC.	1,179.75CR	OUTSTND	A	0/00/0000	INVENTORY
1-1001-000	4/14/2021	CHECK	058932	GSI WATER SOLUTIONS, INC.	2,599.28CR	OUTSTND	A	0/00/0000	NCMA 2020 ANNUAL REPORT
1-1001-000	4/14/2021	CHECK	058933	J.B. DEWAR, INC.	294.82CR	OUTSTND	A	0/00/0000	FUEL
1-1001-000	4/14/2021	CHECK	058934	MCLATCHY COMPANY LLC	926.55CR	OUTSTND	A	0/00/0000	LEGAL NOTICE - FIREWORKS ORD
1-1001-000	4/14/2021	CHECK	058935	MIER BROS.	533.36CR	OUTSTND	A	0/00/0000	PAVING SUPPLY
1-1001-000	4/14/2021	CHECK	058936	MINER'S ACE HARDWARE, INC.	157.70CR	OUTSTND	A	0/00/0000	LINE BREAK REPAIR SUPPLIES
1-1001-000	4/14/2021	CHECK	058937	PRO-TECH LANDSCAPE MANAGEMENT,	410.00CR	OUTSTND	A	0/00/0000	LANDSCAPING
1-1001-000	4/14/2021	CHECK	058938	R. BAKER, INC.	4,737.08CR	OUTSTND	A	0/00/0000	LINE BREAK REPAIR @ 13TH
1-1001-000	4/14/2021	CHECK	058939	SLO CO PUBLIC HEALTH DEPT.	406.10CR	OUTSTND	A	0/00/0000	BACKFLOW INSPECTIONS-BILLABLE
1-1001-000	4/14/2021	CHECK	058940	WATER SYSTEMS CONSULTING, INC.	1,440.60CR	OUTSTND	A	0/00/0000	NCMA STAFF EXTN SVCS FY 20-21
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	15,879.95CR			
				DEPOSIT	TOTAL:	0.00			
				INTEREST	TOTAL:	0.00			
				MISCELLANEOUS	TOTAL:	0.00			
				SERVICE CHARGE	TOTAL:	0.00			
				EFT	TOTAL:	0.00			
				BANK-DRAFT	TOTAL:	0.00			

COMPANY: 99 - POOLED CASH FUND  
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 058924 THRU 058940

ACCOUNT            --DATE--    --TYPE--    NUMBER    -----DESCRIPTION-----    ----AMOUNT---    STATUS    FOLIO    CLEAR DATE

TOTALS FOR POOLED CASH FUND	CHECK	TOTAL:	15,879.95CR
	DEPOSIT	TOTAL:	0.00
	INTEREST	TOTAL:	0.00
	MISCELLANEOUS	TOTAL:	0.00
	SERVICE CHARGE	TOTAL:	0.00
	EFT	TOTAL:	0.00
	BANK-DRAFT	TOTAL:	0.00

**Payroll Summary Report**  
**Board of Directors - Agenda Date April 28, 2021**

	(*)	(**)		
<u>Gross Wages</u>	2/27/2021	3/13/2021	3/27/2021	4/10/2021
Regular	\$27,207.08	\$27,214.19	\$27,208.50	\$27,207.08
Overtime Wages	\$305.71	\$480.18	\$342.45	\$607.65
Stand By	\$450.00	\$600.00	\$450.00	\$700.00
	<u>\$27,962.79</u>	<u>\$28,294.37</u>	<u>\$28,000.95</u>	<u>\$28,514.73</u>
Cell Phone Allowance	\$75.00	\$0.00	\$75.00	\$0.00
Total Wages	<u>\$28,037.79</u>	<u>\$28,294.37</u>	<u>\$28,075.95</u>	<u>\$28,514.73</u>
 <b><u>Disbursements</u></b>				
Net Wages	\$21,151.42	\$21,252.21	\$21,115.03	\$21,399.80
State and Federal Agencies	\$4,871.93	\$4,957.53	\$4,872.03	\$5,033.50
CalPERS - Normal	\$5,403.41	\$5,478.41	\$5,478.41	\$5,478.41
SEIU - Union Fees	\$156.80	\$156.80	\$156.80	\$156.80
Total Disbursements processed with Payroll	<u>\$31,583.56</u>	<u>\$31,844.95</u>	<u>\$31,622.27</u>	<u>\$32,068.51</u>
Health (Disbursed with reoccurring bills)	\$6,204.70	\$6,204.70	\$6,204.70	\$6,204.70
Total District Payroll Related Costs	<u>\$37,788.26</u>	<u>\$38,049.65</u>	<u>\$37,826.97</u>	<u>\$38,273.21</u>

(\*) Previously reported in prior Board Meeting packet - provided for comparison.

(\*\*) Revision to prior Board Meeting packet - \$29.89 error under "State and Federal Agencies"



**Board Member Stipend Summary Report  
Board of Directors - Agenda Date April 28, 2021**

	(*)	
<b>Gross Stipends</b>	2/28/2021	3/31/2021
Board Member Stipends	<u>\$1,550.00</u>	<u>\$1,850.00</u>
Gross Stipends	<u><u>\$1,550.00</u></u>	<u><u>\$1,850.00</u></u>
<b>Disbursements</b>		
Net Stipends	\$1,431.42	\$1,658.96
State and Federal Agencies	\$237.16	\$332.57
Total Disbursements processed with Stipends	<u><u>\$1,668.58</u></u>	<u><u>\$1,991.53</u></u>

(\*) Previously reported in prior Board Meeting packet - provided for comparison.



# Oceano Community Services District

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

(805) 481-6730 FAX (805) 481-6836

RECEIVED  
MAR 30 2021

## DIRECTOR'S MONTHLY REQUEST FOR COMPENSATION FOR MEETING ATTENDANCE

NAME: Linda Austin

DATE: 3-19-2021

FOR THE MONTH OF: February 2021

- 8.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular or special meeting of the Board and fifty dollars (\$50.00) for each committee meeting attended by him or her.
- 8.2 In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.
- 8.3 Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.

MEETING DATES: 2-10 and 2-24

No. of Meetings 2 x \$100.00 = \$ 200<sup>00</sup>

### COMMITTEE MEETING(S) OR OTHER REIMBURSEMENT(S)

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

TOTAL COMPENSATION: \$ 200<sup>00</sup>

SIGNATURE: 



# Oceano Community Services District

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

(805) 481-6730 FAX (805) 481-6836

RECEIVED  
MAR 30 2021

## DIRECTOR'S MONTHLY REQUEST FOR COMPENSATION FOR MEETING ATTENDANCE

NAME: Kinda m Austin

DATE: 3-19-2021

FOR THE MONTH OF: January 2021

8.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular or special meeting of the Board and fifty dollars (\$50.00) for each committee meeting attended by him or her.

8.2 In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.

8.3 Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.

MEETING DATES: 1-13 and 1-27

No. of Meetings 2 x \$100.00 = \$ 200<sup>00</sup>

### COMMITTEE MEETING(S) OR OTHER REIMBURSEMENT(S)

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

TOTAL COMPENSATION: \$ 200<sup>00</sup>

SIGNATURE 



# Oceano Community Services District

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

(805) 481-6730 FAX (805) 481-6836

RECEIVED  
MAR 30 2021

## DIRECTOR'S MONTHLY REQUEST FOR COMPENSATION FOR MEETING ATTENDANCE

NAME: Linda M Austin

DATE: 3-19-2021

FOR THE MONTH OF: December 2020

8.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular or special meeting of the Board and fifty dollars (\$50.00) for each committee meeting attended by him or her.

8.2 In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.

8.3 Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.

MEETING DATES: 12-9 and 12-23

No. of Meetings 2 x \$100.00 = \$ 200<sup>00</sup>

### COMMITTEE MEETING(S) OR OTHER REIMBURSEMENT(S)

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

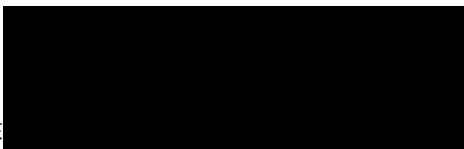
DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

TOTAL COMPENSATION: \$ 200<sup>00</sup>

SIGNATURE





# Oceano Community Services District

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

(805) 481-6730 FAX (805) 481-6836

RECEIVED  
MAR 30 2021

## DIRECTOR'S MONTHLY REQUEST FOR COMPENSATION FOR MEETING ATTENDANCE

NAME: Linda M Austin

DATE: 3-19-2021

FOR THE MONTH OF: November 2020

- 8.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular or special meeting of the Board and fifty dollars (\$50.00) for each committee meeting attended by him or her.
- 8.2 In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.
- 8.3 Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.

MEETING DATES: 11-11 and \_\_\_\_\_

No. of Meetings 1 x \$100.00 = \$ 100<sup>00</sup>

### COMMITTEE MEETING(S) OR OTHER REIMBURSEMENT(S)

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

TOTAL COMPENSATION: \$ 100<sup>00</sup>

SIGNATURE: \_\_\_\_\_





# Oceano Community Services District

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

(805) 481-6730 FAX (805) 481-6836

RECEIVED  
MAR 30 2021

## DIRECTOR'S MONTHLY REQUEST FOR COMPENSATION FOR MEETING ATTENDANCE

NAME: Linda M Austin DATE: 3-19-2021

FOR THE MONTH OF: October 2020

- 8.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular or special meeting of the Board and fifty dollars (\$50.00) for each committee meeting attended by him or her.
- 8.2 In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.
- 8.3 Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.

MEETING DATES: 10-14-20 and \_\_\_\_\_

No. of Meetings 1 x \$100.00 = \$ 100<sup>00</sup>

### COMMITTEE MEETING(S) OR OTHER REIMBURSEMENT(S)

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

TOTAL COMPENSATION: \$ 100<sup>00</sup>

SIGNATURE: 





# Oceano Community Services District

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

(805) 481-6730 FAX (805) 481-6836

RECEIVED  
MAR 30 2021

## DIRECTOR'S MONTHLY REQUEST FOR COMPENSATION FOR MEETING ATTENDANCE

NAME: Linda M Austin

DATE: 3-19-2021

FOR THE MONTH OF: August 2020

- 8.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular or special meeting of the Board and fifty dollars (\$50.00) for each committee meeting attended by him or her.
- 8.2 In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.
- 8.3 Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.

MEETING DATES: 8-12-20 and 8-26-20  
 No. of Meetings 2 x \$100.00 = \$ 200<sup>00</sup>

### COMMITTEE MEETING(S) OR OTHER REIMBURSEMENT(S)

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_  
 DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_  
 DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_  
 DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

TOTAL COMPENSATION: \$ 200<sup>00</sup>

SIGNATURE: 



# Oceano Community Services District

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

(805) 481-6730 FAX (805) 481-6836

RECEIVED  
MAR 30 2021

## DIRECTOR'S MONTHLY REQUEST FOR COMPENSATION FOR MEETING ATTENDANCE

NAME: Linda M Austin

DATE: 3-19-2021

FOR THE MONTH OF: July 2020

8.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular or special meeting of the Board and fifty dollars (\$50.00) for each committee meeting attended by him or her.

8.2 In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.

8.3 Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.

MEETING DATES: 7-8-2020 and \_\_\_\_\_

No. of Meetings 1 x \$100.00 = \$ 100<sup>00</sup>

### COMMITTEE MEETING(S) OR OTHER REIMBURSEMENT(S)

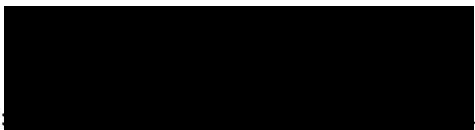
DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

TOTAL COMPENSATION: \$ 100<sup>00</sup>

SIGNATURE: 





# Oceano Community Services District

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

(805) 481-6730 FAX (805) 481-6836

RECEIVED  
MAR 30 2021

## DIRECTOR'S MONTHLY REQUEST FOR COMPENSATION FOR MEETING ATTENDANCE

NAME: Linda M Austin DATE: 3-19-2021

FOR THE MONTH OF: June 2020

- 8.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular or special meeting of the Board and fifty dollars (\$50.00) for each committee meeting attended by him or her.
- 8.2 In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.
- 8.3 Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.

MEETING DATES: 6-10- and 6-24  
No. of Meetings 2 x \$100.00 = \$ 200<sup>00</sup>

### COMMITTEE MEETING(S) OR OTHER REIMBURSEMENT(S)

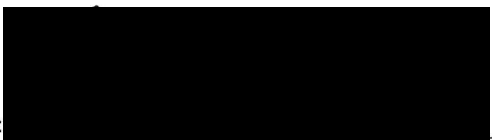
DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

TOTAL COMPENSATION: \$ 200<sup>00</sup>

SIGNATURE: 



# Oceano Community Services District

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

(805) 481-6730 FAX (805) 481-6836

RECEIVED  
MAR 30 2021

## DIRECTOR'S MONTHLY REQUEST FOR COMPENSATION FOR MEETING ATTENDANCE

NAME: Linda M Austin

DATE: 3-19-2021

FOR THE MONTH OF: May 2020

- 8.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular or special meeting of the Board and fifty dollars (\$50.00) for each committee meeting attended by him or her.
- 8.2 In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.
- 8.3 Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.

MEETING DATES: 5-27 and \_\_\_\_\_

No. of Meetings 1 x \$100.00 = \$ 100<sup>00</sup>

### COMMITTEE MEETING(S) OR OTHER REIMBURSEMENT(S)

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

TOTAL COMPENSATION: \$ 100<sup>00</sup>

SIGNATURE: 



# Oceano Community Services District

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

(805) 481-6730 FAX (805) 481-6836

RECEIVED  
MAR 30 2021

## DIRECTOR'S MONTHLY REQUEST FOR COMPENSATION FOR MEETING ATTENDANCE

NAME: Cynthia Replogle

DATE: 03-30-2021

FOR THE MONTH OF: Mar 2021

8.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular or special meeting of the Board and fifty dollars (\$50.00) for each committee meeting attended by him or her.

8.2 In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.

8.3 Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.

MEETING DATES: 03-10-2021 and 03-24-2021

No. of Meetings 2 x \$100.00 = \$ 200.

### COMMITTEE MEETING(S) OR OTHER REIMBURSEMENT(S)

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

TOTAL COMPENSATION: \$ 200.

SIGNATURE: \_\_\_\_\_



# Oceano Community Services District

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

(805) 481-6730 FAX (805) 481-6836

MAR 26 REC'D

## DIRECTOR'S MONTHLY REQUEST FOR COMPENSATION FOR MEETING ATTENDANCE

NAME: KAREN M. WHITE

DATE: MARCH 26/2021

FOR THE MONTH OF: MARCH

8.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular or special meeting of the Board and fifty dollars (\$50.00) for each committee meeting attended by him or her.

8.2 In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.

8.3 Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.

MEETING DATES: 3/10/2021 and 3/24/2021

No. of Meetings 2 x \$100.00 = \$ 200 <sup>00</sup>/<sub>100</sub>

### COMMITTEE MEETING(S) OR OTHER REIMBURSEMENT(S)

DATE: 3/19/2021 MEETING: Five Cities Fire AMOUNT: \$ 50 <sup>00</sup>/<sub>100</sub>

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

DATE: \_\_\_\_\_ MEETING: \_\_\_\_\_ AMOUNT: \$ \_\_\_\_\_

TOTAL COMPENSATION: \$ 250 <sup>00</sup>/<sub>100</sub>

SIGNATURE:



# Oceano Community Services District

MAR 26 REC'D

1655 Front Street | P.O. Box 599 | Oceano, CA 93475  
PHONE: (805) 481-6730 | FAX: (805) 481-6836

Meeting Date: 3/19/2021

Director Name: KAREN M. WHITE

Public Meeting /Hearing: \_\_\_\_\_

Notes: Rotary Monthly meeting

- ① Approved yearly Audit
- ② Reviewed mid-year budget
- ③ Amended meeting time to 9 AM - instead 10 AM - 3rd Friday of month
- ④ Noted receipt of \$407,00 in state funding from mutual aid response during 2020 fire season -

Attached: Agenda / Other Documents  Yes  No

[Redacted Signature]

Signature



**Oceano Community Services District**  
 Mechanics Bank Visa Card

**A/P Visa Card Disbursement**

Date	Transaction	Name	Amount	Description	GL Account #
03/18/2021	DEBIT	INT*QuickBooks Online 800-446-8	(\$40.00)	Permits, Fees Licenses	01-5-4100-248
03/18/2021	CREDIT	AWWA EVENTS 303-794-7	\$510.00	Classes/Seminars/Training Fee	02-5-4400-285
03/18/2021	CREDIT	AWWA EVENTS 303-794-7	\$510.00	Classes/Seminars/Training Fee	01-5-4100-285
03/15/2021	DEBIT	AWWA EVENTS 303-794-7	(\$510.00)	Classes/Seminars/Training Fee	02-5-4400-285
03/15/2021	DEBIT	AWWA EVENTS 303-794-7	(\$510.00)	Classes/Seminars/Training Fee	01-5-4100-285
03/12/2021	DEBIT	TARGET 00027599 SAN LUIS O	(\$12.69)	Office Expense	01-5-4100-200
03/08/2021	CREDIT	MINIMUM INTEREST CHARGE FEE REVE	\$2.00	Bank Fees	01-5-4100-193
03/03/2021	DEBIT	ZOOM.US 888-799-9666 WWW.ZOOM.	(\$46.74)	Office Expense	01-5-4100-200

(\$97.43)

**04/28/2021 Mechanics Visa Card Online Payment - paid 04/13/2021**

**\$97.43**

COMPANY: 99 - POOLED CASH FUND  
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 058910 THRU 058914

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE	
<b>CHECK:</b>									
1-1001-000	4/01/2021	CHECK	058910	COASTAL COPY, INC.	230.05CR	OUTSTND	A	0/00/0000	<b>COPIES/MAINTENANCE</b>
1-1001-000	4/01/2021	CHECK	058911	DE LAGE LANDEN FINANCIAL SERVI	150.15CR	OUTSTND	A	0/00/0000	<b>COPIER LEASE</b>
1-1001-000	4/01/2021	CHECK	058912	ELECSYS INTERNATIONAL CORP	223.50CR	OUTSTND	A	0/00/0000	<b>EQUIPMENT MONITOR</b>
1-1001-000	4/01/2021	CHECK	058913	PACIFIC GAS & ELECTRIC	3,766.82CR	OUTSTND	A	0/00/0000	<b>UTILITY</b>
1-1001-000	4/01/2021	CHECK	058914	VERIZON WIRELESS	229.95CR	OUTSTND	A	0/00/0000	<b>FIELD CELL SVC</b>
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	4,600.47CR			
				DEPOSIT	TOTAL:	0.00			
				INTEREST	TOTAL:	0.00			
				MISCELLANEOUS	TOTAL:	0.00			
				SERVICE CHARGE	TOTAL:	0.00			
				EFT	TOTAL:	0.00			
				BANK-DRAFT	TOTAL:	0.00			
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	4,600.47CR			
				DEPOSIT	TOTAL:	0.00			
				INTEREST	TOTAL:	0.00			
				MISCELLANEOUS	TOTAL:	0.00			
				SERVICE CHARGE	TOTAL:	0.00			
				EFT	TOTAL:	0.00			
				BANK-DRAFT	TOTAL:	0.00			

COMPANY: 99 - POOLED CASH FUND  
ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
TYPE: All  
STATUS: All  
FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999  
CLEAR DATE: 0/00/0000 THRU 99/99/9999  
STATEMENT: 0/00/0000 THRU 99/99/9999  
VOIDED DATE: 0/00/0000 THRU 99/99/9999  
AMOUNT: 0.00 THRU 999,999,999.99  
CHECK NUMBER: 058915 THRU 058916

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE	
<b>CHECK:</b>									
1-1001-000	4/01/2021	CHECK	058915	BLUE SHIELD OF CALIFORNIA	9,208.80CR	OUTSTND	A	0/00/0000	<b>EMPLOYEE INSURANCE</b>
1-1001-000	4/01/2021	CHECK	058916	PRINCIPAL LIFE INSURANCE COMPA	1,367.32CR	OUTSTND	A	0/00/0000	<b>EMPLOYEE INSURANCE</b>
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	10,576.12CR			
				DEPOSIT	TOTAL:	0.00			
				INTEREST	TOTAL:	0.00			
				MISCELLANEOUS	TOTAL:	0.00			
				SERVICE CHARGE	TOTAL:	0.00			
				EFT	TOTAL:	0.00			
				BANK-DRAFT	TOTAL:	0.00			
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	10,576.12CR			
				DEPOSIT	TOTAL:	0.00			
				INTEREST	TOTAL:	0.00			
				MISCELLANEOUS	TOTAL:	0.00			
				SERVICE CHARGE	TOTAL:	0.00			
				EFT	TOTAL:	0.00			
				BANK-DRAFT	TOTAL:	0.00			



4/21/2021 3:26 PM  
 COMPANY: 99 - POOLED CASH FUND  
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK RECONCILIATION REGISTER

PAGE: 1  
 CHECK DATE: 0/00/0000 THRU 99/99/9999  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 058917 THRU 058922

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE	
CHECK:	-----								
1-1001-000	4/14/2021	CHECK	058917	MAP COMMUNICATIONS, INC. DBA A	224.93CR	OUTSTND	A	0/00/0000	ANSWERING SVC
1-1001-000	4/14/2021	CHECK	058918	AGP VIDEO INC.	700.00CR	OUTSTND	A	0/00/0000	BOD MEETING TELECONF ARCHIVE SVC
1-1001-000	4/14/2021	CHECK	058919	CHARTER COMMUNICATIONS	150.00CR	OUTSTND	A	0/00/0000	INTERNET - COMMUNICATIONS
1-1001-000	4/14/2021	CHECK	058920	DIGITAL WEST NETWORKS, INC.	590.16CR	OUTSTND	A	0/00/0000	PHONE, WEBSITE, SOFTWARE LICENSE
1-1001-000	4/14/2021	CHECK	058921	HIRIARTE'S INDOOR CLEANING SER	687.50CR	OUTSTND	A	0/00/0000	CLEANING SERVICE
1-1001-000	4/14/2021	CHECK	058922	SO CAL GAS	189.82CR	OUTSTND	A	0/00/0000	UTILITY
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	2,542.41CR			
				DEPOSIT	TOTAL:	0.00			
				INTEREST	TOTAL:	0.00			
				MISCELLANEOUS	TOTAL:	0.00			
				SERVICE CHARGE	TOTAL:	0.00			
				EFT	TOTAL:	0.00			
				BANK-DRAFT	TOTAL:	0.00			
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	2,542.41CR			
				DEPOSIT	TOTAL:	0.00			
				INTEREST	TOTAL:	0.00			
				MISCELLANEOUS	TOTAL:	0.00			
				SERVICE CHARGE	TOTAL:	0.00			
				EFT	TOTAL:	0.00			
				BANK-DRAFT	TOTAL:	0.00			

COMPANY: 99 - POOLED CASH FUND  
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 058923 THRU 058923

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK: -----								
1-1001-000	4/14/2021	CHECK	058923	TASC -CLIENT INVOICES	56.21CR	OUTSTND	A	0/00/0000 FSA ADM FEE
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	56.21CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	56.21CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		



# Oceano Community Services District

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

(805) 481-6730 FAX (805) 481-6836

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**Date:** April 28, 2021

**To:** Board of Directors

**From:** Carey Casciola, Business and Accounting Manager

**Subject:** Agenda Item #7(C): Submittal of the District's Fiscal Year 2020-21 Quarter 3 Treasurer Report

## Recommendation

It is recommended that your Board receive and file the District's 2020-21 Quarter 3 Treasurer Report.

## Discussion

Government Code section 61053(f) requires the District Treasurer to report to the Board of Directors quarterly regarding receipts, disbursements and balances in each account controlled by the District. At the January 13<sup>th</sup> meeting, your Board approved Resolution 2021-01 to adopt the District's 2021 Investment Policy which is required by Government Code section 53646(A)(2). Section 7 of the Investment Policy requires the Financial Officer/Treasurer to provide a quarterly report. The attached worksheet has been prepared to review the District's third quarter report for fiscal year 2020-21.

The District holds accounts with the County of San Luis Obispo and Mechanics Bank. Attachment "A" provides a summary of each account held by the District which have been reconciled against the District's general ledger.

## Other Agency Involvement

The County of San Luis Obispo

## Other Financial Considerations

The fiscal year 2020-21 Quarter 3 budget review is business item 8(B) of this agenda package.

## Results

Establishing compliance with both Government Code 61000-61250 regarding Community Services Districts and the District's Investment Policy will help ensure that the District's funds are managed properly and promotes a prosperous and well-governed community.

- Attachment A – 2020-21 3rd Quarter Treasurer Report

Oceano Community Services District  
2020-21 Treasurer Report - Quarter 3

<u>Account</u>	<u>Month</u>	<u>Beginning Balance</u>	<u>Credits</u>	<u>Debits</u>	<u>Ending Balance</u>	<u>Quarter Ending Balance</u>
<b><u>County of San Luis Obispo Accounts:</u></b>						
<b>Oceano CSD - Water Rev - 31215 (*) (Revenue Bond)</b>	Jan-21	\$108.42	\$0.30	(\$108.72)	\$0.00	
	Feb-21	\$0.00	\$0.00	\$0.00	\$0.00	
	Mar-21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Oceano CSD - 41005 (Property Taxes)</b>	Jan-21	\$1,664,706.01	\$24,921.52	(\$3,864.18)	\$1,685,763.35	
	Feb-21	\$1,685,763.35	\$64,905.43	(\$453,991.40)	\$1,296,677.38	
	Mar-21	\$1,296,677.38	\$98,146.69	(\$3.24)	\$1,394,820.83	\$1,394,820.83
<b>Oceano CSD - 41045 (*) (Sanitary District Bond - Paid Off)</b>	Jan-21	\$4.78	\$0.01	(\$4.79)	\$0.00	
	Feb-21	\$0.00	\$0.00	\$0.00	\$0.00	
	Mar-21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b><u>Mechanics Bank Accounts:</u></b>					<b>County Total</b>	\$1,394,820.83
<b>Public Checking - 1101 (General Checking Acct)</b>	Jan-21	\$731,161.77	\$83,921.92	(\$429,541.29)	\$385,542.40	
	Feb-21	\$385,542.40	\$315,464.05	(\$152,234.44)	\$548,772.01	
	Mar-21	\$548,772.01	\$396,992.59	(\$144,245.98)	\$801,518.62	\$801,518.62
<b>Public Investment Money Market - 0161 (Public Facilities Fees)</b>	Jan-21	\$24,424.98	\$12.54	\$0.00	\$24,437.52	
	Feb-21	\$24,437.52	\$12.55	\$0.00	\$24,450.07	
	Mar-21	\$24,450.07	\$11.75	\$0.00	\$24,461.82	\$24,461.82
<b>Public Investment Money Market - 0161 (Public Facilities Fees)</b>	Jan-21	\$270,285.42	\$8.59	\$0.00	\$270,294.01	
	Feb-21	\$270,294.01	\$8.29	\$0.00	\$270,302.30	
	Mar-21	\$270,302.30	\$9.78	\$0.00	\$270,312.08	\$270,312.08
					<b>Rabobank Total</b>	\$1,096,292.52
					<b>Total</b>	<b>\$2,491,113.35</b>

(\*) During the third quarter the District consolidated the two paid off bond accounts held at the County into account 41005.



# Oceano Community Services District

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

(805) 481-6730 FAX (805) 481-6836

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**Date:** April 28, 2021

**To:** Board of Directors

**From:** Will Clemens, General Manager

**Subject:** **Agenda Item #8A:** Approval of a Resolution Authorizing a Financing Agreement and Irrevocable Payment Instructions providing for the Refinancing of the District's Outstanding CalPERS Unfunded Accrued Liability

## Recommendation

It is recommended that your Board:

Adopt the Attached Resolution Authorizing and Directing the Execution of a Financing Agreement and Irrevocable Payment Instructions providing for the Refinancing of the District's Outstanding CalPERS Unfunded Accrued Liability to CalPERS and providing for other matters properly related thereto.

## Discussion

The District is a member of the California Public Employees' Retirement System ("CalPERS"), and as such, the District is obligated by a contract between the CalPERS and the District (the "CalPERS Contract") to make contributions to CalPERS to (a) fund pension benefits for the miscellaneous employees under its miscellaneous plan (the "Miscellaneous Plan") and safety employees under the safety plan (the "Safety Plan") who are members of CalPERS, (b) amortize a portion of the unfunded accrued liability (the "UAL") with respect to such pension benefits, and (c) appropriate funds for the purposes of paying for the pension benefits and such UAL. The total (as of the 6/30/2019 valuation date) UAL balance for employees covered under the (i) Miscellaneous Plan is \$722,303, (ii) the Safety Plan is \$100,442, and (iii) the PEPRA Miscellaneous Plan is \$12,835.

On January 6, 2021 the Board adopted Resolution No. 2021-02 (the "Resolution of Intention") setting forth its intention to proceed with the refinancing (hereafter called "Refinancing") of all UAL balances under the Safety and Miscellaneous Plans (the "UAL Prepayment"), the effect of which will be to (i) bring the funded status of these plans to

100% funded, (ii) enhance budget predictability by “smoothing” out the UAL payment structure over the next 15 years (i.e., minimize the effects of fiscal peaks and valleys that prove problematic for annual budgets), and (iii) provide near-term cash flow savings to the District.

## Bid Solicitation Process

Based upon the Board’s direction to move forward with the Refinancing on a private placement basis, staff, with the assistance of Bond Counsel and Municipal Advisor, issued a “Request for Proposals” (the “Bid Solicitation”) to several targeted financial institutions requesting proposals (the “Proposals”) to purchase “Oceano Community Services District, Series 2021 Taxable Revenue Obligations” (the “2021 Obligations”) on a privately placed basis.

Staff received 2 bids and are recommending the term sheet (the “Term Sheet”) received from First Foundation Bank (the “First Foundation”) as the recommended winning proposer. All expenses of issuing the 2021 Obligations will be paid from the proceeds of the 2021 Obligations and are contingent on the 2021 Obligations being issued.

The table below summarizes the received bids.

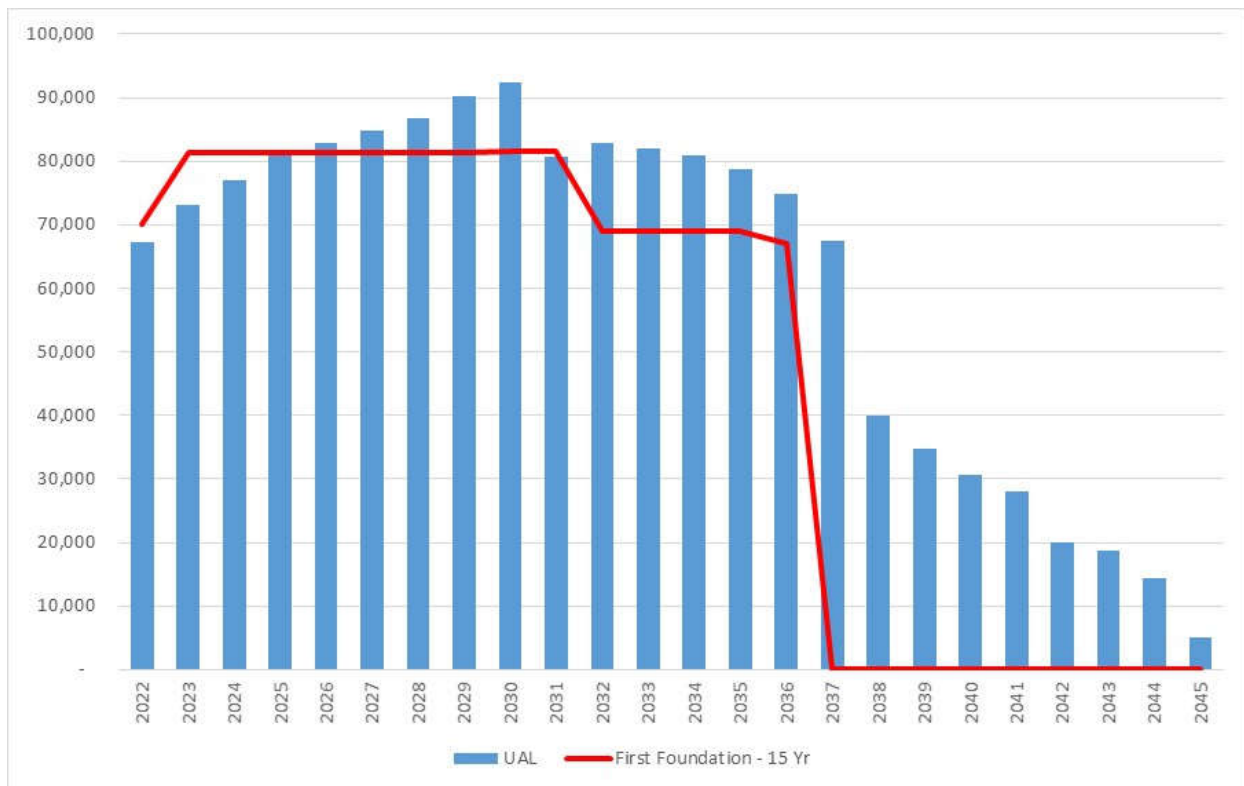
**Table 1**  
**Oceano Community Services District**  
**Summary of Bank Proposals to Refund the UAL**

Bank Name	15-year Term		Rate Lock	Collateral Structure	Other Requirements
	Interest Rate	Prepayment Options			
First Foundation Bank	3.46%	Years 1-2: 3%, 3-4: 2%, 5-6: 1%, 7+: 0%	60 days	Net revenue pledge	1.25x DSCR; \$10K legal fee
Umpqua Bank	3.59%	Years 1-5: 3%, 6-10: 2%, 11-15: 1%	3 weeks	Net revenue pledge	1.20x DSCR; \$12.5K legal fee

## Summary of the Refinancing Opportunity

If the Board chooses to pursue this opportunity, and correspondingly adopts the subject Resolution, staff, with the aid of the financing team, will work with First Foundation to close the transaction at first possible opportunity, with the present target closing date being Mid-May, 2021. The interest rate will thereafter be locked-in at 3.46% for the 15-year duration of the new 2021 Obligations.

Refinancing the UAL with the 2021 Obligations will result in shortening the repayment period of the currently outstanding UAL balances of the Miscellaneous plan from 24 year to 15 years, while the Safety plan’s amortization term remains relatively unchanged (9 vs 10 years), which, combined with the lower interest rate, will result in total cash flow savings to the District of approximately \$328,600 through 06/30/2045 and level debt service payments over the initial 10 years (the repayment period of the Safety plan) and lower level debt service payments over the remaining 5-year term of the 2021 Obligations, as shown in the graph below. The lower payments in the first and last year of the term are due to partial year for the interest calculation.



### Summary of the Resolution, Financing Agreement and Payment Instructions

The subject Resolution being recommended for adoption authorizes the issuance of the 2021 Obligations and approves the form of the Financing Agreement and Irrevocable Payment Instructions. The Financing Agreement provides for all the terms and conditions of the of the 2021 Obligations, including, but not limited to, closing conditions, prepayment provisions, insurance requirements, rate covenants, parity bond provisions, as well as all other legal and financial parameters governing the 2021 Obligations.

The subject Resolution also approves the form of the Irrevocable Payment Instructions (the “Payment Instructions”) which is required to accomplish the transfer of money from the First Foundation to CalPERS to prepay the UAL in advance of maturity.

The adoption of the Resolution is necessary for the financing team to move forward with issuance of the 2021 Obligations.

The President, General Manager and Secretary have each been designated an "Authorized Representative" of the District for the purposes of structuring and providing for the execution of the Financing Agreement and the corresponding issuance and delivery of the 2021 Obligations, and pursuant to the Resolution are each authorized, jointly and severally, for and in the name of and on behalf of the District, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the execution and delivery of the 2021 Obligations, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Board has intended with the adoption of the Resolution.

Please note that the Financing Agreement and Payment Instructions are being presented to the Board as form documents, as they cannot be fully completed until all closing certificates have been prepared and executed at Closing.

### **General Parameters Established for the Sale of the 2021 Obligations**

1. The principal amount of the 2021 Obligations will not exceed \$950,000.
2. The nominal interest rate (not including the cost of issuance) on the 2021 Obligations will not exceed 3.46%.
3. The 2021 Obligations will be fully amortized over 15 years.
4. Additional Bonds Test and Parity Debt Coverage Covenant is set at 125%.

### **Other Agency Involvement**

NA

### **Attachments**

1. Resolution
2. Form of Financing Agreement
3. Form of Payment Instructions
4. Financial Analysis



**RESOLUTION NO. 2021-\_\_**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OCEANO COMMUNITY SERVICES DISTRICT APPROVING THE FORM OF AND AUTHORIZING AND DIRECTING EXECUTION AND DELIVERY OF A FINANCING AGREEMENT AND IRREVOCABLE PAYMENT INSTRUCTIONS PROVIDING FOR THE REFINANCING OF THE DISTRICT'S OUTSTANDING UNFUNDED ACCRUED LIABILITY TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO**

**WHEREAS**, the District is a member of the California Public Employees' Retirement System ("CalPERS"), an agent multiple employer public employees retirement program that acts as a common investment and administrative agent for participating entities within the State of California, and as such, the District is obligated by the Public Employees' Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "Retirement Law"), and the contract between the Board of Administration of CalPERS and the Board of Directors of the District (the "CalPERS Contract"), as amended, to make contributions to CalPERS to (a) fund pension benefits for its employees who are members of CalPERS, (b) amortize a portion of the unfunded accrued liability (the "UAL") with respect to such pension benefits, and (c) appropriate funds for the purposes of paying for the pension benefits and such UAL; and

**WHEREAS**, the District is legally obligated under the CalPERS Contract to pay any UAL, which is the amount by which CalPERS is short of the amount that will be necessary, without further payments from the District, to pay benefits already earned by current and former employees covered by CalPERS; and

**WHEREAS**, the total 6/30/2019 UAL balance for employees covered under the District's "classic" (i) Miscellaneous Plan is \$722,303, and (ii) Safety Plan is \$100,442, which amounts are scheduled to unevenly amortized over the next 24 and 9 years, respectively (the "Outstanding UAL Obligation"); and

**WHEREAS**, the Board of Directors (the "Board"), after due investigation and deliberation, has determined that it is in the public interests of the District at this time to undertake municipal bond financing in order to provide for the prepayment of the entire balance of the Outstanding UAL Obligation (the "Financing"); and

**WHEREAS**, for the purpose of providing for the Financing, the District proposes to enter into a Financing Agreement with First Foundation Public Finance Trust (the "Bank"), dated as of May 1, 2021, by and between the Bank and the District (the "Financing Agreement"), pursuant to which the Bank agrees to purchase the District's Series 2021 Taxable Revenue Obligations in an amount not to exceed \$950,000, as evidenced by a Promissory Note, dated the date of closing (the "Note," and collectively with the Financing Agreement, the "2021 Obligations"); and

**WHEREAS**, the District is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing

with Section 53570 of said Code (the “Refunding Bond Law”), to enter into financing agreement for the purpose of refinancing certain outstanding obligations of the District, including the Outstanding UAL Obligation; and

**WHEREAS**, in order to efficiently accomplish the Financing and issuance of 2021 Obligations, the District has heretofore appointed bond counsel and municipal advisor to provide the necessary professional services in connection therewith; and

**WHEREAS**, pursuant to the Financing Agreement, the District pledges the net revenues of its Water and Wastewater Enterprise operations, sufficient in amount to pay back the debt service on the 2021 Obligations, as more particularly set forth in the Financing Agreement; and

**WHEREAS**, it is now appropriate and necessary to prepay and call in for redemption the Outstanding UAL Obligation, in order to complete the Financing; and

**WHEREAS**, to properly transact the Financing, it is now appropriate and necessary for the District to approve the form of Irrevocable Payment Instructions (the “Payment Instructions”), dated as of May 1, 2021, pursuant to which the Bank will irrevocably wire transfer a designated portion of the 2021 Obligation Proceeds directly to CalPERS to prepay a definitive portion of the Outstanding UAL Obligation in accordance with the specific terms of the Payment Instructions; and

**WHEREAS**, the Board, with the aid of its staff, has reviewed the Financing Agreement and Payment Instructions, the forms of which is on file with the Secretary, and the Board wishes at this time to approve the foregoing documents (collectively, the “Financing Documents”) as being within the public interests of the District; and

**WHEREAS**, Section 5852.1 of the Government Code of the State of California (“Section 5852.1”) provides that the Board obtain from the Bank and disclose, in a meeting open to the public, prior to authorization of the 2021 Obligations, good faith estimates of: (a) the true interest cost of the 2021 Obligations, (b) the finance charge of the 2021 Obligations, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the 2021 Obligations received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the 2021 Obligations and (d) the sum total of all debt service payments on the 2021 Obligations calculated to the final maturity of the 2021 Obligations plus the fees and charges paid to third parties not paid with the proceeds of the 2021 Obligations; and

**WHEREAS**, in accordance with Section 5852.1, the Board has obtained such good faith estimates from the Bank, and such estimates are disclosed in Section 6 hereof; and

**WHEREAS**, the Board wishes at this time to authorize all actions and proceedings relating to the Financing and the execution and delivery of Financing Documents, as well as the prepayment of the Outstanding UAL Obligation; and

**WHEREAS**, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in

connection with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

**NOW, THEREFORE BE IT RESOLVED AND ORDERED BY THE BOARD OF DIRECTORS OF THE OCEANO COMMUNITY SERVICES DISTRICT THAT:**

**Section 1. Recitals and Findings.** The Board hereby specifically finds and declares that each of the statements, findings and determinations of the District set forth in the recitals set forth above are true and correct and that the Financing will result in public benefits to the District and its ratepayers.

**Section 2. Authorizing the Issuance of 2021 Obligations.** The Board hereby authorizes the issuance of the 2021 Obligations pursuant to the Financing Agreement and the Refunding Bond Law.

**Section 3. Authorized Representatives.** The President, General Manager, Secretary and any other person authorized by the General Manger to act on behalf of the District shall each be an "Authorized Representative" of the District for the purposes of structuring and providing for the execution and delivery of the 2021 Obligations, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the District, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the execution and delivery of the 2021 Obligations, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Board has intended with the adoption of this Resolution.

**Section 4. Approval of Financing Agreement and Promissory Note.** The Board hereby authorizes and approves the execution and delivery of the Financing Agreement as well as the Promissory Note referenced in the Financing Agreement (the "Promissory Note"). The Board approves the Financing Agreement and Promissory Note in substantially the form on file with the Secretary, together with any additions thereto or changes therein deemed necessary or advisable by an Authorized Representative of the District. Any Authorized Representative of the District is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the District to, the final form of the Financing Agreement and Promissory Note for and in the name and on behalf of the District, and the execution thereof shall be conclusive evidence of the Board's approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the Financing Agreement and Promissory Note.

**Section 5. Approval of Payment Instructions.** The Board hereby authorizes and approves the execution and delivery of the Payment Instructions. The Board approves the Payment Instructions in substantially the form on file with the Secretary, together with any additions thereto or changes therein deemed necessary or advisable by an Authorized Representative of the District. Any Authorized Representative of the District is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to

attest and affix the seal of the District to, the final form of the Payment Instructions for and in the name and on behalf of the District, and the execution thereof shall be conclusive evidence of the Board's approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the Payment Instructions.

**Section 6. Good Faith Estimates.** Set forth below are good faith estimates, as required under Section 5852.1 of the California Government Code (the "Code") for the 2021 Obligations. The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by this resolution.

(a) The true interest cost of the 2021 Obligations is estimated at 3.46%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.

(b) The finance charge of the 2021 Obligations, including all fees and charges paid to third parties, is estimated at \$75,228.

(c) Proceeds of the 2021 Obligations received by the District of \$910,000 (estimated) less the finance charge set forth in (b) above, is equal to \$834,773.

(d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$1,145,833.

The foregoing are estimates and the final costs will depend on market conditions as well as the timing of draws and can be expected to vary from the estimated amounts set forth above.

**Section 7. Full Compliance.** The Board hereby finds and determines that it has taken all of the foregoing actions, and made all of the foregoing findings, in full compliance with the law, and that all prior proceedings taken with respect to the Financing and issuance of 2021 Obligations were duly considered and are hereby considered valid and in conformity with the requirements of law.

**Section 8. Taxable Bond Act.** The Board hereby determines that interest payable pursuant to the Financing Agreement will be subject to federal income taxation, and that the provisions of Section 5900 et seq. of the California Government Code (the "Taxable Bond Act") apply to the 2021 Obligations. The District may take any action and exercise any power permitted to be taken by it under the Taxable Bond Act in connection with the execution and delivery of the 2021 Obligations.

**Section 9. Confirmation and Direction to Proceed with the Financing.** All actions heretofore taken by the officers and agents of the District with respect to the Financing are hereby approved, confirmed and ratified. The Authorized Representatives and all other officers of the District are each authorized and directed in the name and on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they or any of them might deem necessary or appropriate in order to consummate any of the actions and transactions contemplated by this Resolution and the Financing Documents. Whenever any officer of the District is authorized to execute or countersign any document or take any action

contemplated by this Resolution and the Financing Documents, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

**Section 10. Effective Date.** This Resolution shall take effect from and after the date of its passage and adoption.

**PASSED AND ADOPTED** by the Board of Directors of the Oceano Community Services District on April 28, 2021 by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

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President, Board of Directors of the  
Oceano Community Services District

**ATTEST:**

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Board Secretary of the  
Oceano Community Services District

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**2021 FINANCING AGREEMENT**

Dated as of May 1, 2021

By and Between

**OCEANO COMMUNITY SERVICES DISTRICT**

And

**FIRST FOUNDATION PUBLIC FINANCE TRUST**

Providing for the

**\$ \_\_\_\_\_**  
**OCEANO COMMUNITY SERVICES DISTRICT**  
**SERIES 2021 TAXABLE REVENUE OBLIGATIONS**  
**(CALPERS UAL PREPAYMENT PROJECT)**

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## 2021 FINANCING AGREEMENT

This 2021 FINANCING AGREEMENT (as amended and supplemented hereafter, this “Agreement”), dated for convenience as of May 1, 2021, is by and between FIRST FOUNDATION PUBLIC FINANCE TRUST (the “Bank”), and the OCEANO COMMUNITY SERVICES DISTRICT, a community services district, duly organized and validly existing under the laws of the State of California (the “District”);

### WITNESSETH:

**WHEREAS**, the District owns and operates facilities for the diversion, collection, storage, carriage and distribution of water within the service area of the District (the “Water Enterprise”), and the District also owns and operates a system for the collection, treatment and disposal of wastewater within the service area of the District (the “Wastewater Enterprise,” and together with the Water Enterprise, the “Enterprises”); and

**WHEREAS**, the District is a member of the California Public Employees’ Retirement System (“CalPERS”), an agent multiple employer public employees retirement program that acts as a common investment and administrative agent for participating entities within the State of California, and as such, the District is obligated by the Public Employees’ Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the “Retirement Law”), and the contract between the Board of Administration of CalPERS and the Board of Directors of the District (the “CalPERS Contract”), as amended, to make contributions to CalPERS to (a) fund pension benefits for its employees who are members of CalPERS, (b) amortize a portion of the unfunded accrued liability (the “UAL”) with respect to such pension benefits, and (c) appropriate funds for the purposes of paying for the pension benefits and such UAL; and

**WHEREAS**, the District has determined that it is in the interests of the District at this time to provide for the execution and delivery of its “Oceano Community Services District, Series 2021 Taxable Revenue Obligations (CalPERS UAL Prepayment Project),” as evidenced by a Promissory Note, dated May \_\_, 2021 (the “Note,” and collectively, the “2021 Taxable Obligations”), the proceeds of which will be used to (i) fund a portion of the District’s UAL to CalPERS for the benefit of the District’s employees, and (ii) pay certain costs of issuance in association therewith, and to that end the Bank has agreed to enter into this Agreement; and

**WHEREAS**, the District is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “Bond Law”), to enter into debt arrangements for the purpose of refinancing certain outstanding obligations of the District, including outstanding obligations evidenced by the CalPERS Contract; and

**WHEREAS**, the principal of and interest and redemption premium (if any) on the 2021 Taxable Obligations, and any bonds or other obligations issued on a parity therewith as provided herein, will be payable from and secured by a pledge of and lien on the Net Revenues (as defined herein) derived from the Enterprise, as expressly set forth in this Agreement; and

**WHEREAS**, in order to provide for the execution and delivery of the 2021 Taxable Obligations, to establish and declare the terms and conditions upon which they are made and secured, and to secure the payment of the principal thereof, premium (if any) and interest thereon, the District has authorized the execution and delivery of this Agreement and the Note; and

**WHEREAS**, this Agreement also constitutes a secured promissory note for District's repayment of the 2021 Taxable Obligations; and

**WHEREAS**, all things necessary to make the 2021 Taxable Obligations when issued, executed and delivered, the valid and binding obligation of the District, and to constitute this Agreement as a valid pledge of the revenues herein pledged to the payment of the principal of, prepayment premium, if any, and interest on the 2021 Taxable Obligations have been done and performed, as required by law, and the District is now fully authorized to enter into this Agreement, subject to the terms hereof; and

**NOW, THEREFORE, THIS AGREEMENT WITNESSETH**, that in order to secure the payment of the principal of and the interest and premium (if any) on the 2021 Taxable Obligations at any time outstanding under this Agreement, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the 2021 Taxable Obligations are premised, and in consideration of the premises and of the mutual covenants herein contained and of the purchasing of the 2021 Taxable Obligations by the Bank, and for other valuable considerations, the receipt whereof is hereby acknowledged, the District does hereby covenant and agree, for the benefit of the Bank from time to time of the 2021 Taxable Obligations, as follows:

## ARTICLE I

### DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY

**Section 1.1. Definitions.** Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein.

**“2021 Taxable Obligation Payments”** means, all Water Obligation Payments and Wastewater Obligation Payments required to be paid by the District, as such is set forth on Exhibit A-3 hereto, as may be amended from time to time, on each Payment Date pursuant to Section 4.2, and including any prepayment thereof pursuant to Section 3.4 or 3.5 hereof.

**“2021 Taxable Obligations”** means the Oceano Community Services District, Series 2021 Taxable Revenue Obligations (CalPERS UAL Prepayment Project), issued pursuant to this Agreement and evidenced by a Promissory Note, dated May \_\_, 2021, the form of which is attached hereto as Exhibit B.

**“2021 Taxable Obligation Proceeds”** means the \$ \_\_\_\_\_ received by the District for the sale and delivery of the 2021 Taxable Obligations to the Bank on the Closing Date.

“2021 Wastewater Obligation Payments” means all payments required to be paid by the District, as such is set forth on Exhibit A-2 hereto, as may be amended from time to time, on each Payment Date pursuant to Section 4.2, and including any prepayment thereof pursuant to Section 3.4 or 3.5 hereof.

“2021 Water Obligation Payments” means all payments required to be paid by the District, as such is set forth on Exhibit A-1 hereto, as may be amended from time to time, on each Payment Date pursuant to Section 4.2, and including any prepayment thereof pursuant to Section 3.4 or 3.5 hereof.

“Accreted Value” means, with respect to any capital appreciation obligation, the principal amount thereof plus the interest accrued thereon, compounded at the approximate interest rate thereon on each date specified therein. The Accreted Value of any capital appreciation obligation at any date shall be the amounts set forth in the accreted value table for the capital appreciation obligation as of such date, if such date is a compounding date, and if not, as of the immediately preceding compounding date.

“Additional Revenues” means, as to each Enterprise separately, with respect to the issuance of any Parity Obligations, any or all of the following amounts:

(i) An allowance for Net Revenues from any additions or improvements to or extensions of the corresponding respective Enterprise to be made with the proceeds of such Parity Obligations and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of the latest Fiscal Year for which audited financial statements are available or any 12 consecutive calendar month period (selected by the District) during the 18 consecutive calendar month period ending immediately prior to the issuance, incurrence or creation of such additional Parity Obligations, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36 month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of an Independent Engineer retained by the District and reasonably satisfactory to the Bank.

(ii) An allowance for Net Revenues arising from any increase in the charges made for service from the corresponding respective Enterprise which has become effective prior to the incurring of such Parity Obligations but which, during all or any part of the latest Fiscal Year or such 12 month period for which audited financial statements are available or any 12 consecutive calendar month period (selected by the District) during the 18 consecutive calendar month period ending immediately prior to the issuance, incurrence or creation of such additional Parity Obligations, was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or 12 month period, all as shown by the certificate or opinion of an Independent Financial Consultant employed by the District.

“Agreement” means this 2021 Financing Agreement, dated as of May 1, 2021, between the Bank and the District, as amended and supplemented hereafter.

“Authorized Representative” means the District’s President, General Manager, Secretary or any other person designated as an Authorized Representative of the District by a Certificate of the District signed by its President or General Manager and filed with the Bank.

“Balloon Indebtedness” means, with respect to the 2021 Taxable Obligations or Parity Obligations twenty-five percent (25%) or more of the principal or other similar amount of which matures or becomes due on the same date or within a 12-month period (with mandatory sinking fund payments deemed to be payments of matured principal), that portion of the principal or other similar amount of the 2021 Taxable Obligations or Parity Obligations which matures or becomes due on such date or within such 12 month period.

“Bank” means (a) initially, First Foundation Public Finance Trust, or (b) any assignee of Bank’s right, title or interest in this Agreement and other amounts due hereunder.

“Board” means the Board of Directors of the District.

“Bond Counsel” means The Weist Law Firm, or any other attorney or firm of attorneys acceptable to the District of nationally recognized expertise with respect to legal matters relating to municipal obligations.

“Bond Law” means Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53570 thereof.

“Business Day” means a day other than a Saturday, Sunday or legal holiday, on which banking institutions in the State of California are not closed.

“CalPERS” means the California State Public Employees’ Retirement System.

“Certificate,” “Request” and “Requisition” of the District means a written certificate, request or requisition signed in the name of the District by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“Closing Date” means the date on which the 2021 Taxable Obligations are purchased by the Bank.

“Code” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury regulations, including temporary and proposed regulations relating to each such section that are applicable to the Parity Obligations or the use of the proceeds thereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District relating to the execution and delivery of this 2021 Taxable Obligations, including but not limited to District administration costs and expenses, fees and expenses of consultants and professionals, fees and expenses of the municipal advisor and any placement agents, legal fees and charges (including legal fees of the Bank’s counsel), insurance fees and charges, filing costs, settlement costs, printing costs, reproduction and binding costs, regulatory

fees, including, but not limited to, fees charged by the California Debt and Investment Advisory Commission, and fees for execution, transportation and safekeeping of this Agreement and the 2021 Taxable Obligations, and all other charges and fees in connection with the foregoing.

“Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.3 hereof.

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

“Debt Service” when used with respect to the 2021 Taxable Obligation Payments pertaining to an Enterprise and the Parity Payments pertaining to that Enterprise, means, for any period, the sum of (1) the interest payable during such period on the 2021 Taxable Obligation Payments of an Enterprise and Parity Payments of that Enterprise, (2) the principal or mandatory sinking fund payments to be paid with respect to the 2021 Taxable Obligation Payments of an Enterprise and Parity Payments of that Enterprise during such period, and (3) any other scheduled payments coming due on the 2021 Taxable Obligation Payments of an Enterprise and Parity Payments of that Enterprise in such period and not otherwise included in clauses (1) and (2) of this definition, all of which are to be computed on the assumption that no portion of the 2021 Taxable Obligation Payments of an Enterprise and Parity Payments of that Enterprise shall cease to be outstanding during such period except by reason of the application of scheduled payments; provided that, for purposes of such computation:

(a) unless a different subsection of this definition applies for purposes of determining maturities or amortization, in determining the amount due in any period, payment shall be assumed to be made in accordance with any amortization schedule established for the 2021 Taxable Obligation Payments of an Enterprise and Parity Payments of that Enterprise, including any mandatory sinking fund payments or any scheduled redemption or payment of 2021 Taxable Obligation Payments of an Enterprise and Parity Payments of that Enterprise on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date and any contingencies that may result in a request for earlier payment shall be disregarded;

(b) Balloon Indebtedness may, at the option of the District, be treated as if it were to be amortized with substantially level debt service over a term of up to 25 years (which period shall be designated by the District), from the date of calculation, and the interest rate used for such computation shall be assumed by the District to be equal to (i) the interest rate in effect for such Balloon Indebtedness on the date of calculation, if the interest rate determination method in effect for such Balloon Indebtedness on the date of calculation provides for interest rates that are fixed for at least 12 months from the date such interest rates are determined or (ii) if the interest rate determination method in effect for such Balloon Indebtedness on the date of calculation provides for interest rates that are not fixed for at least 12 months from the date such interest rates are determined, the rate of interest used to calculate Debt Service shall be determined as described in clause (c);

(c) if any Parity Obligations of an Enterprise bear, or if any Parity Obligations of an Enterprise proposed to be issued, incurred or created will bear, interest at a variable interest rate,

the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of (i) the then current variable interest rate borne by such Parity Obligations plus 1%; and (ii) the highest variable rate borne over the preceding 24 months by outstanding variable rate debt issued by the District or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

(d) if any Parity Obligations feature an option, on the part of the owners or a requirement under the terms of such Parity Obligations, to tender all or a portion of such Parity Obligations to the District, or other fiduciary or agent, and to purchase such Parity Obligations or portion thereof if properly presented, then for purposes of determining the amounts due in any period with respect to such Parity Obligations, the options or obligations of the owners of such Parity Obligations to tender the same for purchase or payment shall be ignored;

(e) 2021 Taxable Obligation Payments of an Enterprise and Parity Payments of that Enterprise shall be excluded to the extent such payments are to be paid from amounts on deposit with a trustee or other fiduciary in escrow specifically therefor, and interest payments shall be excluded to the extent that such interest payments are (1) to be paid from the proceeds of the 2021 Taxable Obligations or Parity Obligations, including any investment earnings thereon, held by a trustee or other fiduciary as capitalized interest specifically to pay such interest or (2) paid or expected to be paid from Subsidy Payments;

(f) with respect to Parity Obligations of an Enterprise for which a reserve fund is in place, the calculation of Debt Service for such Parity Obligations for any period shall be reduced by the amount of investment earnings on amounts on deposit in such reserve fund used or expected to be used to pay Debt Service on such Parity Obligations during such period, as estimated by the District; and

(g) with respect to Parity Obligations of an Enterprise for which a reserve fund is in place, the amount on deposit in such reserve fund on any date of calculation of Debt Service shall be deducted from the amount due on the final maturity or due date of such Parity Obligations of an Enterprise if such amount on deposit in such reserve fund would be released at such maturity or due date and, to the extent the amount on deposit in such reserve fund is in excess of the amount due on the final maturity or due date of such Parity Obligations of an Enterprise, such excess shall be applied to the full amount due on each preceding payment date for such Parity Obligations of an Enterprise, in inverse order, until such amount on deposit in such reserve fund is exhausted.

“District” means the Oceano Community Services District, a community services district, duly organized and validly existing under the laws of the State of California.

“Enterprises” means, collectively, the Water Enterprise and the Wastewater Enterprise.

“Event of Default” means an event described in Section 6.1 hereof.

“Environmental Regulation” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

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

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; and (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are fully, unconditionally and directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the District, as applicable, as its official fiscal year period.

“Generally Accepted Accounting Principles” means the generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“General Manager” means the General Manager of the District.

“Governmental Authority” means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

“Hazardous Substances” means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Enterprise or to persons on or about the Enterprise or (ii) cause the Enterprise to be in violation of any Environmental Regulation; (b)



asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of “waste,” “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” or “toxic substances” or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act (“RCRA”), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law (“HWCL”), Cal. Health & Safety §§ 25100 et seq.; the Hazardous Substance Account Act (“HSAA”), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the “Porter-Cologne Act”), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of any District facilities or the owners and/or occupants of property adjacent to or surrounding any District facilities, or any other person coming upon any District facilities or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the District that is independent according to the Statement of Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Independent Engineer” means any registered engineer or firm of engineers generally recognized to be well-qualified in engineering matters relating to water systems and/or wastewater systems, as applicable, similar to the Enterprise in question, appointed and paid by the District, and who or each of whom:

- (1) is in fact independent and not under the domination of the District;
- (2) does not have a substantial financial interest, direct or indirect, in the District; and
- (3) is not connected with the District as a board member, officer or employee of the District, but may be regularly retained to make reports to the District.

“Independent Financial Consultant” means a financial consultant qualified in the field of municipal finance, appointed and paid by the District, and who:

- (1) is in fact independent and not under the domination of the District or any member thereof;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and

(3) is not connected with the District as an officer or employee of the District or any member thereof, but may be regularly retained to audit the accounting records of and make reports thereon to the District.

“Insurance Consultant” means any nationally recognized independent actuary, insurance company or broker that has actuarial personnel knowledgeable with respect to insurance carried, by, required for and available to special districts operating facilities similar to the Enterprise in question, including a pooled self-insurance program in which premiums are established on the basis of the recommendation of an actuary of national reputation.

“Interest Account” means the account by that name in either the Water Revenue Fund established pursuant to Section 4.3(a) or the Wastewater Revenue Fund established pursuant to Section 4.3(b), as applicable.

“Interest Component” means the portion of each 2021 Taxable Obligation Payment designated as Interest Component, as such is set forth on Exhibit A hereto.

“Interest Payment Date” means February 1 and August 1 of each year, commencing August 1, 2021, and continuing to and including the date on which the 2021 Taxable Obligation Payments have been paid in full.

“Maintenance and Operation Costs” means, with respect to the Water Enterprise or the Wastewater Enterprise, as applicable, all reasonable and necessary costs and expenses paid or incurred by the District, payable from Revenues, for maintaining and operating the Water Enterprise or the Wastewater Enterprise, as applicable, determined in accordance with Generally Accepted Accounting Principles, including but not limited to: (i) all costs of procuring and delivering water, (ii) all utility and standby costs of the Water Enterprise or the Wastewater Enterprise, as applicable, (iii) all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Water Enterprise or the Wastewater Enterprise, as applicable, in good repair and working order, (iv) all administrative costs of the District that are charged directly or apportioned to the operation of the Water Enterprise or the Wastewater Enterprise, as applicable, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits and licenses to operate the Water Enterprise or the Wastewater Enterprise, as applicable, and insurance premiums, and (v) all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms hereof; but excluding in all cases, the following: (A) debt service payable on obligations (including bonds, notes or other evidences of indebtedness, installment purchase payments under contract, and lease payments under any financing or capital lease, as determined to be such in accordance with Generally Accepted Accounting Principles) incurred by the District with respect to the Water Enterprise or the Wastewater Enterprise, as applicable, (B) depreciation, replacement and obsolescence charges or reserves therefor, (C) amortization of intangibles or other bookkeeping entries of a similar nature, and (D) costs of capital projects which under Generally Accepted Accounting Principles are chargeable to a separate capital account or to a reserve for depreciation.

“Material Adverse Effect” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the Enterprise in question, (b) the ability of the District to carry out its business in

the manner conducted as of the date of this Agreement or to meet or perform its obligations under this Agreement on a timely basis, (c) the validity or enforceability of this Agreement, or (d) the exclusion of interest on the 2021 Taxable Obligations from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes caused by District action or inaction, as the case may be

“Material Litigation” means any action, suit, proceeding, inquiry or investigation against the District in any court or before any arbitrator of any kind or before or by any Governmental Authority, of which the District has notice or knowledge and which, (i) if determined adversely to the District, may have a Material Adverse Effect, (ii) seeks to restrain or enjoin any of the transactions contemplated hereby, or (iii) may adversely affect (A) the exemption of such interest for State income tax purposes, or (B) the ability of the District to perform its obligations under this Agreement.

“Maximum Annual Debt Service” means the greatest amount of Debt Service with respect to the Parity Obligations to which reference is made coming due in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year.

“Miscellaneous Plan” means the obligation of the District to make payments pursuant to the CalPERS Contract with respect to certain of the District’s miscellaneous employees.

“Net Proceeds” means insurance proceeds or an eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the Water Enterprise and/or the Wastewater Enterprise, as the case may be, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

“Net Revenues” means, with respect to the Water Enterprise or the Wastewater Enterprise, for any period, all of the Revenues received from the respective Enterprise during such period less all of the Maintenance and Operation Costs of the respective Enterprise which are payable during such period.

“Note” or “Promissory Note” means the Promissory Note, dated May \_\_, 2021, evidencing the 2021 Taxable Obligations, the form of which is attached hereto as Exhibit B.

“Opinion of Counsel” means a written opinion of The Weist Law Firm or other attorney or firm of attorneys of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the District.

“Outstanding” means all 2021 Taxable Obligations theretofore issued by the District, except:

(1) 2021 Taxable Obligations theretofore canceled or surrendered for cancellation in accordance hereof;

(2) 2021 Taxable Obligations for the payment or redemption of which moneys shall have been deposited in trust (whether upon or prior to the maturity or the redemption date of such 2021 Taxable Obligations), provided that, if such 2021 Taxable Obligations are to be redeemed

prior to the maturity thereof, notice of such redemption shall have been given as provided in this Agreement; and

(3) 2021 Taxable Obligations paid or defeased pursuant to Sections 8.2 hereof.

“Owner” means the registered owner of any outstanding 2021 Taxable Obligation, it being anticipated that the initial registered owner will be the Bank.

“Parity Obligations” means, as to each Enterprise, the Prior Obligations, the 2021 Taxable Obligations and all other bonds, notes, loan agreements, installment sale agreements, leases, or other obligations of the District payable from and secured by a pledge of and lien upon any of the Net Revenues of such Enterprise incurred on a parity with the Prior Obligations and the 2021 Taxable Obligations, issued in accordance with Section 5.12 hereof.

“Parity Obligations Documents” means, collectively, the indenture of trust, trust agreement, installment sale agreement, loan agreement or other document authorizing the issuance of any Parity Obligations or any securities which evidence Parity Obligations.

“Parity Payments” means all payments scheduled to be paid by the District under Parity Obligations.

“Payment Date or Dates” means the Interest Payment Date or Dates and/or the Principal Payment Date or Dates being referenced; provided that if any Payment Date shall fall on a non-Business Day, the Payment Date shall be the next succeeding Business Day and interest on such payment shall accrue to and including such next succeeding Business Day.

“Payment Instructions” means the Irrevocable Payment Instructions, dated as of May 1, 2021, given by the District to the Bank relating to the wire transfer of 2021 Taxable Obligation Proceeds, and the corresponding prepayment of a definitive portion of the UAL.

“Permitted Investments” means any of the following (*provided*, to the extent that the criteria below an investment require a certain minimum rating, such rating shall be determined at the time of purchase of such investment):

(1) Cash;

(2) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America including:

- A. U.S. Treasury obligations;
- B. All direct or fully guaranteed obligations;
- C. General Services Administration;
- D. Guaranteed Title XI financing;
- E. Government National Mortgage Association (GNMA); and
- F. U.S. Treasury - State and Local Government Series.

(3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- A. Export-Import Bank;
- B. Farm Credit System Financial Assistance Corporation;
- C. Rural Economic Community Development Administration;
- D. U.S. Maritime Administration;
- E. Small Business Administration;
- F. U.S. Department of Housing & Urban Development (PHAs)
- G. Federal Financing Bank; and
- H. Federal Housing Administration;

(4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- A. Senior debt obligations rated “Aaa” by Moody’s and “AAA” by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC);
- B. Obligations of the Resolution Funding Corporation (REFCORP);
- C. Senior debt obligations of the Federal Home Loan Bank System; and
- D. Senior debt obligations of other government sponsored agencies.

(5) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than three hundred sixty (360) days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(6) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1+” by S&P and which matures not more than 270 calendar days after the date of purchase;

(7) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P;

(8) “Pre-refunded Municipal Obligations,” defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and (A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest Rating Category of Moody’s or S&P or any successors thereto; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (2) of the definition of Permitted Investments, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(9) Any bonds or other obligations of any agency, instrumentality or local governmental unit of any state of the United States of America which are rated “Aaa/AAA” or general obligations of any such state with ratings of “A2” or higher by Moody’s and “A” or higher by S&P;

(10) Investment agreements (supported by appropriate opinions of counsel);

(11) Shares in the California Asset Management Program (established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State) that invests exclusively in investments permitted by Section 53635 of the Government Code of the State, as now existing and as it may be amended from time to time;

(12) The Local Agency Investment Fund of the State or any state administered pool investment fund in which the District is statutorily permitted or required to invest will be deemed a permitted investment; and

(13) Investments that comply with California Government Code Sections 53601.8 or 53635.8.

Unless otherwise provided herein, the value of the above investments shall be determined at Fair Market Value.

“Person” means an individual, corporation, firm, association, partnership, limited liability company, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“President” means the President of the Board of Directors of the District.

“Principal Account” means the account by that name in either the Water Revenue Fund established pursuant to Section 4.3(a) or the Wastewater Revenue Fund established pursuant to Section 4.3(b), as applicable

“Principal Component” means the portion of the 2021 Taxable Obligation Payments designated as a Principal Component, as such is set forth on Exhibit A hereto.

“Principal Payment Date” August 1 of each year, commencing August 1, 2021, and continuing to and including the date on which the 2021 Taxable Obligations have been paid in full.

“Prior Obligation Documents” means the \_\_\_\_\_ Agreement and all other pertinent documents providing for the execution and delivery of the Prior Obligations.

“Prior Obligations” means the municipal debt obligations of the District evidenced by the Prior Obligation Documents.

“Rate Stabilization Fund” means the fund by that name established and maintained pursuant to Section 5.3(d) hereof.

“Redemption Account” means the account by that name in either the Water Revenue Fund established pursuant to Section 4.3(a) or the Wastewater Revenue Fund established pursuant to Section 4.3(b), as applicable.

“Request of the District” or “Written Request” means a request in writing signed by the President, General Manager, Secretary or by any other officer of the District duly authorized for that purpose.

“Resolution” means the Resolution No. 2021-\_\_, adopted by the Board of Directors on April 28, 2021, authorizing the execution and delivery of this Agreement, and otherwise providing for the execution and delivery of the 2021 Taxable Obligations.

“Revenue Fund” means the fund by that name established and maintained pursuant to Section 4.3 hereof.

“Revenues” means all gross income, property tax revenue, and other monies and revenue received or receivable by the District from the ownership and operation of the Enterprise, calculated in accordance with Generally Accepted Accounting Principles, including, without limiting the generality of the foregoing, (1) all taxes, rates, rent, fees, business interruption insurance proceeds, connection fees and charges, insurance proceeds and condemnation awards received by the District and all other income and revenue howsoever derived by the District from the Enterprise, (2) the earnings on and income derived from the investment of amounts described in clause (1) above and from District reserves held for the Enterprise, including the Rate Stabilization Fund, and (3) the proceeds derived by the District directly or indirectly from the sale, lease or other disposition of a part of the Enterprise; *provided, however*, that (i) any specific charges levied for the express purpose of reimbursing others for all or a portion of the cost of the acquisition or construction of specific Enterprise facilities, (ii) advances or contributions in aid of construction, (iii) grants that are designated by the grantor for a specific Enterprise purpose (and are therefore not available for general operational purposes), (iv) customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and (v) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the District for the purpose of paying special assessment bonds or special tax obligations of the District relating to the Enterprise, are not Revenues and are not subject to the lien hereof. Notwithstanding the foregoing, there shall be added to Revenues any amounts transferred out of the Rate Stabilization Fund and into either the Water Revenue Fund or the Wastewater Revenue Fund, as applicable, as contemplated by Section 5.3(d) hereof.

“S&P” means S&P Global Ratings, a Standard and Poor’s Financial Services LLC business, and its successors or assigns, but only to the extent that such entity is then rating any Parity Obligations at the request of the District.

“Secretary” means the Secretary of the District.

“State” means the State of California.

“Subordinate Debt” means all indebtedness or other obligations (including but not limited to loans, leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Net Revenues of an Enterprise subordinate to the pledge and lien securing the 2021 Taxable Obligation Payments.

“Subordinate Payments” means all installment, lease or loan payments scheduled to be paid by the District under all respective agreements relating to the issuance of any Subordinate Debt.

“Subsidy Payments” means payments with respect to Parity Obligations made by the United States Treasury to the District or a trustee or fiduciary pursuant to Section 54AA of the Code, Section 6431 of the Code, or Section 1400U-2 of the Code or any successor to or extension or replacement of any of such provisions of the Code, or any provisions of the Code that create similar direct-pay subsidy programs.

“Term” means the time during which this Agreement and/or the 2021 Taxable Obligations are in effect, as provided in Section 3.1 hereof.

“UAL” means the unfunded accrued liability owed by the District under the CalPERS Contract.

“Vice President” means the Vice President of the Board of Directors of the District.

“Wastewater Enterprise” means, for purposes of the Agreement only, collectively, the whole and each and every part of the Wastewater Enterprise of the District, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such Wastewater Enterprise or any part thereof hereafter acquired or constructed; provided, that to the extent the District is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above-described Wastewater Enterprise purposes, only the District’s ownership interest in such asset or property or only the part of the asset or property so used for Wastewater Enterprise purposes shall be considered to be part of such Enterprise.

“Water Enterprise” means, for purposes of the Agreement only, collectively, the whole and each and every part of the Water Enterprise of the District, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such Water Enterprise or any part thereof hereafter acquired or constructed; provided, that to the extent the District is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above-described Water Enterprise purposes, only the District’s ownership interest in such asset or property or only the part of the asset or property so used for Water Enterprise purposes shall be considered to be part of such Enterprise.

**Section 1.2. Liability of District Limited to Net Revenues.** Notwithstanding anything to the contrary contained in this Agreement, the District shall not be required to advance any money derived from any source of income other than the Net Revenues, for the payment of the principal of or interest or prepayment premiums, if any, on the 2021 Taxable Obligations or for the performance of any covenants herein contained, nor for the maintenance and operation of the Enterprise from any source of income other than the Revenues. The District may, however, advance funds for any such purpose so long as such funds are derived from a source legally



available for such purpose without incurring any indebtedness. The 2021 Taxable Obligations shall be payable exclusively from the Net Revenues as in this Agreement provided. The credit of the District is not pledged for the payment of the 2021 Taxable Obligations or its interest. The principal of and interest on the 2021 Taxable Obligations and any prepayment premiums upon the prepayment thereof shall not be a debt of the District, nor a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the District or any of its income, receipts, or revenues, except the Net Revenues pledged to the payment thereof as provided in this Agreement.

**Section 1.3. Benefits of Agreement Limited to Parties.** Nothing contained herein, expressed or implied, is intended to give to any person other than the District and the Bank any right, remedy or claim under or pursuant hereto. Any agreement or covenant required herein to be performed by or on behalf of the District shall be for the sole and exclusive benefit of the Bank.

**Section 1.4. Successor Is Deemed Included in all References to Predecessor.** Whenever the District is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District, and all agreements and covenants required hereby to be performed by or on behalf of the District shall bind and inure to the benefit of the successors thereof whether so expressed or not.

**Section 1.5. Waiver of Personal Liability.** No member of the Board of Directors and no officer, agent, or employee of the District, or of any department or agency thereof, shall be individually or personally liable for the payment of the principal of or interest on the 2021 Taxable Obligations or any other matter related hereto, but nothing contained herein shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or hereby.

**Section 1.6. Article and Section Headings, Gender and References.** The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. Words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to this Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

**Section 1.7. Partial Invalidity.** If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or the 2021 Taxable Obligations; but the Bank shall retain all the rights and benefits accorded to it under any applicable provisions of law. The District hereby declares that it would have adopted this Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

## ARTICLE II

### COVENANTS, REPRESENTATIONS AND WARRANTIES

**Section 2.1. Covenants, Representations and Warranties of the District.** The District makes the following covenants, representations and warranties to the Bank as of the date of the execution and delivery of this Agreement:

- (a) The District is a community services district, duly organized and validly existing under the laws of the State.
- (b) The District has full legal right, power and authority under the laws of the State to adopt the Resolution and to enter into this Agreement and the transactions contemplated herein, and to carry out its obligations hereunder and thereunder.
- (c) The pledge of the Net Revenues made hereunder is on parity with the pledge of Net Revenues made under the Prior Obligation Documents. There are no other liens against the Net Revenues that are senior to the 2021 Taxable Obligation Payments.
- (d) By all necessary official action, the District has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, this Agreement and the consummation by it of all other transactions contemplated by this Agreement. When executed and delivered by the District, this Agreement and the 2021 Taxable Obligations will be in full force and effect and will constitute legal, valid and binding agreements or obligations of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.
- (e) The District's comprehensive annual financial report for the period ended June 30, 2020, presents fairly the financial condition of the District and the Enterprise as of the date hereof and the results of operation for the period covered thereby. Except as has been disclosed to the Bank, there has been no change in the financial condition of the District or the Enterprise since June 30, 2020, that will, in the reasonable opinion of the District, materially impair its ability to perform its obligations under this Agreement. All information provided by the District to the Bank with respect to the financial performance of the Enterprise is accurate in all material respects as of its respective date and does not omit any information necessary to make the information provided not misleading.
- (f) As currently conducted, the District's activities with respect to the Enterprise are in all material respects in compliance with all applicable laws, administrative regulations of the State of California and of the United States and any agency or instrumentality of either, and any judgment or decree to which the District is subject.
- (g) As long as the 2021 Taxable Obligations are outstanding, the District will notify the Bank or its designee, within 30 days, following the date of an event that (i) could cause a default on any obligation of the District, (ii) might reasonably be anticipated to cause a Material

Adverse Effect, (iii) might reasonably be anticipated to result in Material Litigation, and (iv) could have a negative material impact on the financial condition of the District.

- (h) The District is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject (including, without limitation, the Resolution and this Agreement), and 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 event of default under any such instrument; and the adoption of the Resolution, the execution, delivery of the 2021 Taxable Obligations and the execution and delivery of this Agreement and compliance with the District's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District or under the terms of any such law, regulation or instruments, except as provided by the Resolution and this Agreement.
- (i) No action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the District's knowledge, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or the titles of the officials of the District to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the making, execution or delivery of this Agreement or the application of the 2021 Taxable Obligation Proceeds; (iii) in any way contesting or affecting, as to the District, the validity or enforceability of the Bond Law, the Resolution or this Agreement; (iv) in any way contesting the powers of the District or its authority with respect to execution or delivery of the 2021 Taxable Obligations, the adoption of the Resolution, or the execution and delivery of this Agreement; or (v) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the District to perform and satisfy its obligations under the 2021 Taxable Obligations or this Agreement; nor to the best of the District's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Bond Law, the proceedings authorizing the Resolution, the 2021 Taxable Obligations or this Agreement or the performance by the District of its obligations thereunder, or the authorization, execution, delivery or performance by the District of the 2021 Taxable Obligations, the Resolution or this Agreement.
- (j) The District is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

- (k) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the execution or delivery of the 2021 Taxable Obligations and the execution, delivery of and performance of this Agreement by the District have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the 2021 Taxable Obligations, as to which no representation is made).
- (l) The District has the legal authority to apply and will apply, or cause to be applied, the 2021 Taxable Obligation Proceeds as provided in and subject to all of the terms and provisions of the Bond Law, the Resolution, the Payment Instructions, the Note and this Agreement.
- (m) The District is in compliance in all material respects with all applicable Environmental Regulations, including, without limitation, regulations governing air pollution, soil and water pollution, the use, generation, storage, treatment, removal, handling or disposal of Hazardous Substances, other materials or wastes, and the emission of electromagnetic or nuclear radiation.
- (n) Neither the District nor any of its facilities are the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by an Environmental Regulation referred to in (m) above or to respond to a release of any Hazardous Substances into the environment.
- (o) To its knowledge, after reasonable investigation, the District does not have any material contingent liability in connection with any release of any Hazardous Substances into the environment that would have a Material Adverse Effect on the District or payment, when due, of the principal, premium, if any, or interest on the 2021 Taxable Obligations.
- (p) No event has occurred and no condition exists which would constitute an Event of Default with respect to this Agreement or which, with the passing of time or with the giving of notice or both would become such an Event of Default.
- (q) There are no outstanding bonds, notes, loans, leases, installment sale agreements or other obligations which have any security interest in or claim upon the Revenues or Net Revenues, which security interest or claim is superior to the 2021 Taxable Obligation Payments.
- (r) The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.
- (s) The District acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of UAL, that it is familiar with the provisions of all of the documents and instruments relating to such financing to which the District is a party, including this Agreement, and that it understands the risks inherent in such transactions.

- (t) Any certificate, signed by any official of the District authorized to do so in connection with the transactions described in this Agreement, shall be deemed a representation and warranty by the District to the Bank as to the statements made therein.
- (u) As of the Closing Date:
  - (i) There has been no change in the assets, liabilities, financial position or results of operations of the District which might reasonably be anticipated to cause a Material Adverse Effect;
  - (ii) The District has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect; and
  - (iii) Relative to the Enterprise, the District has not (A) incurred any material indebtedness, other than the \_\_\_\_\_ Contract, the 2021 Taxable Obligations and the Prior Obligations, as well as the trade accounts payable arising in the ordinary course of the Enterprise business and not past due, or (B) guaranteed the indebtedness of any other person.
- (v) Inasmuch as this Agreement represents a negotiated transaction, and the District understands, and hereby confirms, that the Bank is not acting as a fiduciary of the District, but rather is acting solely in its capacity as Bank, for its own account. The District acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the District and the Bank and its affiliates, (ii) in connection with such transaction, the Bank and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), (iii) the Bank and its affiliates are relying on the bank exemption in the Municipal Advisor Rules, (iv) the Bank and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Bank, or any affiliate of the Bank, has provided other services or advised, or is currently providing other services or advising the District on other matters), (v) the Bank and its affiliates have financial and other interests that differ from those of the District, and (vi) the District has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.
- (w) The District has water rights and/or supplies in such amounts and qualities as the District deems necessary to adequately service its customers and connections. The District will continue to control, own or have access to all such water rights and/or supplies free and clear of the interest of any third party, will not suffer or permit any transfer or encumbrance of such water rights and/or supplies, will not abandon such water rights and/or supplies, or any of them, and will not do any act or thing which would impair or cause to the loss of any such water rights and/or supplies during the Term of this Agreement.

**Section 2.2. Covenants, Representations and Warranties of the Bank.** The Bank makes the following covenants, representations and warranties to the District as of the date of the execution and delivery of this Agreement:

- (a) The Bank has been duly organized and is validly existing as a national banking association duly organized and existing under the laws of the United States of America, with full corporate power to enter into and undertake its duties and obligations hereunder and has sufficient knowledge and experience in financial and business matters, including purchase and ownership of taxable municipal obligations, to be able to evaluate the economic risks and merits of the 2021 Taxable Obligations.
- (b) The execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate actions on the part of the Bank and do not require any further approvals or consents.
- (c) The Bank will deliver to the District a certificate or letter substantially in the form set forth in Exhibit D attached hereto.

### ARTICLE III

#### TERMS OF THE 2021 TAXABLE OBLIGATIONS

##### **Section 3.1. Authorization and Terms of the 2021 Taxable Obligations.**

(a) The 2021 Taxable Obligations shall be designated “Oceano Community Services District, Series 2021 Taxable Revenue Obligations (CalPERS UAL Prepayment Project).” Absent circumstances not presently anticipated, the entire issue of the 2021 Taxable Obligations shall be purchased by the Bank in the aggregate amount of \$ \_\_\_\_\_ in immediately available funds on the Closing Date (the “2021 Taxable Obligation Proceeds”), and shall be evidenced by a single, fully registered 2021 Taxable Obligation, initially registered in the name of the Bank, in substantially the form attached hereto as Exhibit B with necessary or appropriate variations, omissions and insertions as permitted or required by this Agreement.

(b) The 2021 Taxable Obligations shall be dated the Closing Date and shall bear interest at the Interest Rate of 3.46% per annum (calculated on the basis of a 360-day year of twelve 30-day months). The 2021 Taxable Obligations shall bear interest from the Closing Date to each Payment Date as such is set forth in Exhibit A hereto, as may be amended from time to time, including any prepayment thereof pursuant to Section 3.4 or 3.5 hereof.

(c) The 2021 Taxable Obligations shall be payable as to principal and interest in legal tender of the United States of America.

(d) The Term of this Agreement and the 2021 Taxable Obligations shall commence on the Closing Date and shall end on the date on which the 2021 Taxable Obligations shall be paid in full or provision for such payment shall be made as provided herein.

(e) On the Closing Date, the Bank shall transfer the 2021 Taxable Obligation Proceeds as set forth in Section 3.2 below.

**Section 3.2. Deposit and Application of 2021 Taxable Obligation Proceeds.** The District hereby instructs the Bank (to which the Bank agrees) to (a) wire transfer \$\_\_\_\_\_ of the 2021 Taxable Obligation Proceeds for the payment of Costs of Issuance on behalf of the District to the payees set forth in the Requisition for Payment of Costs of Issuance, executed by an Authorized Representative of the District, in substantially the form attached hereto as Exhibit C, and (b) wire transfer \$\_\_\_\_\_ of the 2021 Taxable Obligation Proceeds directly to the CalPERS in accordance with the Payment Instructions.

**Section 3.3. Reserved.**

**Section 3.4. Optional Prepayment.** At the District’s option, and upon thirty (30) days’ prior written notice to the Bank, the 2021 Taxable Obligations shall be subject to prepayment in whole or part on any date, at a prepayment price equal to the aggregate amount of Principal Components to be prepaid, together with the interest required to be paid thereon on the date fixed for prepayment, plus a prepayment premium of the Principal Component to be prepaid as set forth in the table below:

<u>Prepayment Date</u>	<u>Prepayment Premium</u>
May __, 2021 through May 1, 2023	3%
May 2, 2023 through May 1, 2025	2%
May 2, 2025 through May 1, 2027	1%
May 2, 2027 and thereafter	0%

**Section 3.5. Prepayment upon Casualty Loss or Governmental Taking.** At the District’s option, and upon thirty (30) days’ prior written notice to the Bank, the 2021 Taxable Obligations shall be subject to prepayment as a whole or in part on any date, from the Net Proceeds of casualty insurance or a governmental taking of an Enterprise or portions thereof by eminent domain proceedings, under the circumstances and upon the conditions and terms prescribed herein, at a prepayment price equal to the sum of the principal prepaid plus accrued interest thereon to the date fixed for prepayment, without premium.

**Section 3.6. Execution of the Agreement.** The execution of this Agreement by an Authorized Representative shall constitute conclusive evidence of such officers’ and the Board of Director’s approval hereof, including any changes, insertions, revisions, corrections, or amendments as may have been made hereto.

**Section 3.7. Assignment by the Bank.** The Bank’s right, title and interest in and to this Agreement and the Note, with prior written notice to the District, may be assigned and reassigned to one or more assignees or sub-assignees by Bank, without the necessity of obtaining the consent of District; provided that such assignment shall not result in more than thirty-five (35) assignees or sub-assignees of the Bank’s rights and interests in this Agreement and the Note, or that such assignment shall not result in the creation of any interest in this Agreement and the Note in an aggregate principal amount that is less than one hundred thousand dollars (\$100,000); and further provided that Bank has filed with the District at least five Business Days’ prior written notice thereof along with an executed copy of an investor’s letter addressed to the District and the Bond Counsel substantially in the form of the Purchaser Letter delivered by the Bank on the Closing

Date attached hereto as Exhibit D, other than with respect to assignment by the Bank to an affiliate. The District shall pay all 2021 Taxable Obligation Payments hereunder to the Bank, as provided in Section 4.2 hereof, or under the written direction of the assignee named in the most recent assignment or notice of assignment filed with the District.

**Section 3.8. Closing Conditions.** The Bank has entered into this Agreement in reliance upon the representations and warranties of the District contained in this Agreement and to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the District of the obligations of the District pursuant to this Agreement at or prior to the Closing Date. Accordingly, the obligation of Bank to execute this Agreement is subject to the fulfillment to the reasonable satisfaction of the Bank of the following conditions:

(a) The representations and warranties of the District contained in this Agreement shall be true, complete and correct on the Closing Date.

(b) On the Closing Date, the Resolution, the Payment Instructions, the Note and this Agreement shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Bank.

(c) On the Closing Date, the District will have adopted and there will be in full force and effect such resolutions as in the opinion of Bond Counsel shall be necessary in connection with the transactions contemplated by this Agreement, and all necessary action of the District relating to the issuance of the 2021 Taxable Obligations will have been taken, will be in full force and effect and will not have been amended, modified or supplemented, except as may have been agreed to in writing by the Bank.

(d) At or prior to the Closing Date, the Bank will have received the following documents:

(i) the approving opinions, dated the Closing Date and addressed to the Bank, of Bond Counsel in form and content satisfactory to the Bank, to the effect that (I) the interest on the 2021 Taxable Obligations is excluded from gross income for State income tax purposes, and (II) the 2021 Taxable Obligations have been duly authorized, executed and delivered by the District and are legal, valid and binding obligations of the District, enforceable in accordance with their respective terms, subject to customary exceptions for bankruptcy and judicial discretion;

(ii) a certificate or certificates, dated the Closing Date and signed on behalf of the District by an Authorized Representative, to the effect that (I) the representations and warranties contained in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (II) no litigation of any nature is then pending or, to his or her knowledge, threatened, seeking to restrain or enjoin the issuance and delivery of the 2021 Taxable Obligations or the levy or collection of revenues to pay the principal thereof and interest thereon, questioning the proceedings and authority by which such pledge is made, affecting the validity of the 2021 Taxable Obligations or contesting the existence or boundaries of the District or the title of the present officers to their respective offices; (III) no authority or proceedings for the issuance



of the 2021 Taxable Obligations has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the 2021 Taxable Obligations has been filed with or received by the District; and (IV) the District has complied with all the agreements and covenants and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the Closing Date;

(iii) a conformed certified copy of the Resolution;

(iv) the items required by the Resolution as conditions for execution and delivery of the 2021 Taxable Obligations;

(v) the preliminary filings with the California Debt and Investment Advisory Commission;

(vi) the opinion of the general counsel to the District, dated the Closing Date, addressed to the Bank and the District, to the effect that:

(A) the District is a community services district, duly organized and validly existing under the laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Agreement, the Payment Instructions and the Note; (b) to make, execute and deliver the Agreement, the Payment Instructions and the Note; (c) to pledge the Net Revenues as contemplated by the Agreement; and (d) to carry on its activities as currently conducted;

(B) the District has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the Resolution, the Agreement, the Payment Instructions and the Note, and the District has duly authorized the execution and delivery of, and the due performance of its obligations under, the Agreement, the Payment Instructions and the Note;

(C) the adoption of the Resolution, the execution and delivery by the District of the Agreement, the Payment Instructions and the Note, and the compliance with the provisions of the Agreement, the Payment Instructions and the Note, to the best of such counsel's knowledge after due inquiry, do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision or any applicable judgment or decree, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the District a material breach of or default under any agreement or instrument to which the District is a party or by which it is bound;

(D) no litigation is pending with service of process completed or, to the best of such counsel's knowledge after due inquiry, threatened against the District in any court in any way affecting the titles of the officials of the District to their respective positions, or seeking to restrain or to enjoin the execution and delivery of the Agreement, the Payment Instructions and the Note, or the collection of

revenues pledged or to be pledged to pay the principal of and interest on the 2021 Taxable Obligations, or in any way contesting or affecting the validity or enforceability of the Agreement, the Payment Instructions, the Note or the Resolution, or contesting the powers of the District or its authority with respect to the Agreement, the Payment Instructions, the Note or the Resolution;

(E) to the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the District of the Agreement, the Payment Instructions or the Note; and

(F) to the best of such counsel's knowledge after due inquiry, the District is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default would materially adversely affect the District's ability to enter into or perform its obligations under the Agreement, the Payment Instructions or the Note, and 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

(viii) such additional legal opinions, certificates, instruments and other documents as the Bank or its counsel may reasonably request to evidence the truth and accuracy, as of the date of this Agreement and as of the Closing Date, of the representations, warranties, agreements and covenants of the District contained herein and the due performance or satisfaction by the District at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the District.

**Section 3.9. 2021 Taxable Obligations Register.** The District will keep or cause to be kept, sufficient books for the registration and transfer of the 2021 Taxable Obligations which shall be open at all reasonable times with reasonable prior notice during normal business hours of the District; and, upon presentation, the District shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the 2021 Taxable Obligations.

**Section 3.10. No CUSIP Numbers; No Rating; No DTC; No Offering Document.** The 2021 Taxable Obligations shall not bear CUSIP numbers, shall not be rated by any rating agency, shall not be held by The Depository Trust Company, and shall not be offered pursuant to any offering document.

**Section 3.11. Investments.** All money held by the District in any of the accounts or funds established pursuant hereto shall be invested in Permitted Investments, which Permitted Investments shall, as nearly as practicable, mature (or be subject to redemption or disposition) on or before the dates on which such money is anticipated to be needed for disbursement hereunder. All interest or gain derived from the investment of amounts in other funds or accounts established

hereunder shall be deposited in either the Water Revenue Fund or the Wastewater Revenue Fund, as applicable.

## ARTICLE IV

### SECURITY

#### **Section 4.1. Pledge of Net Revenues.**

(a) The District hereby irrevocably pledges all of the Net Revenues along with amounts on deposit in either the Water Revenue Fund or the Wastewater Revenue Fund, as applicable, to the punctual payment of the 2021 Water Obligation Payments and 2021 Water Obligation Payments, as applicable. This pledge shall constitute a first lien on the Net Revenues for the payment of the 2021 Taxable Obligations in accordance with the terms hereof, which lien is on parity with the lien on Net Revenues that secures the payment of applicable Parity Obligations. The Net Revenues will not be used for any other purpose while any of the 2021 Taxable Obligation Payments are unpaid, except as otherwise set forth herein.

(b) The 2021 Water Obligation Payments attributable to the Water Enterprise are separately identified on Exhibit A-1 hereto, and the 2021 Wastewater Obligation Payments attributable to the Wastewater Enterprise are separately identified on Exhibit A-2 hereto. The District hereby acknowledges, covenants and warrants that:

(i) it shall not pay from Net Revenues of the Water Enterprise either (A) the 2021 Wastewater Obligation Payments, (B) the Maintenance and Operation Costs attributable to the Wastewater Enterprise, or (C) any other amounts payable hereunder if such amounts are attributable to the Wastewater Enterprise.

(ii) it shall not pay from Net Revenues of the Wastewater Enterprise either (A) the 2021 Water Obligation Payments, (B) the Maintenance and Operation Costs attributable to the Water Enterprise, or (C) any other amounts payable hereunder if such amounts are attributable to the Water Enterprise.

**Section 4.2. Repayment of the 2021 Taxable Obligations.** The District hereby agrees to repay the 2021 Taxable Obligations from Net Revenues in the aggregate principal amount of \$\_\_\_\_\_ together with interest (calculated at the rate of 3.46%, on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semi-annual 2021 Taxable Obligation Payments in the respective amounts and on the respective Payment Dates as set forth herein and as specified in Exhibit A hereto, and by this reference made a part hereof.

Pursuant to Section 5451 of the Government Code of the State of California, the pledge of Net Revenues by the District for the repayment of the principal of, premium, if any, and interest components of the 2021 Taxable Obligation Payments constitutes a first lien and security interest which immediately attaches to such Net Revenues, and is effective and binding against the District, its successors, creditors and all others asserting rights therein irrespective of whether those parties

have notice of the pledge, irrespective of whether such amounts are or may be deemed to be a fixture and without the need for physical delivery, recordation, filing or further act.

So long as the 2021 Taxable Obligations are owned by the Bank, all principal and interest payments with respect to the 2021 Taxable Obligations shall be made by wire transfer, or other mutually agreeable form of transfer, in accordance with wire instructions provided by the Bank from time to time.

**Section 4.3(a). Revenues; Establishment and Application of Water Revenues.** The District hereby covenants and agrees to establish, maintain and hold in trust a separate special trust fund for the Water Enterprise to be designated the “Water Revenue Fund” (herein referred to as the “Water Revenue Fund”) so long as the 2021 Water Obligation Payments remain unpaid. Within the Water Revenue Fund the District shall establish and maintain a separate Interest Account, Principal Account and Redemption Account therein. The Water Revenue Fund shall be kept separate and apart from all other funds and accounts held by the District and shall be administered as provided herein. The District hereby covenants and agrees that all Revenues attributable to the Water Enterprise, when and as received, will be received and held by the District in trust for the benefit of the Bank and owners of any Parity Obligations, and will be allocated and deposited by the District in the Water Revenue Fund. All Revenues attributable to the Water Enterprise shall be disbursed, allocated and applied solely to the following uses and purposes and in the following order of priority:

(a) Maintenance and Operation Costs. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants to pay all Maintenance and Operation Costs attributable to the Water Enterprise (including amounts reasonably required to be set aside in contingency reserves for the Water Enterprise, the payment of which is not then immediately required) from the Water Revenue Fund as they become due and payable. The District shall annually prepare a budget for Maintenance and Operation Costs attributable to the Water Enterprise.

(b) Net Revenues. All Net Revenues attributable to the Water Enterprise on each Payment Date, shall be transferred by the District from the Water Revenue Fund and allocated to the following respective accounts, the following amounts in the following order of priority, the requirements of each such account at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(1) Interest Account. On each Interest Payment Date, the District shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all outstanding applicable Parity Obligations. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all outstanding applicable Parity Obligations on such Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the District solely for the purpose of paying interest on the applicable Parity Obligations as it shall become due and payable. In the event that the amounts on deposit in the Interest Account on any Interest Payment Date are insufficient for any reason to pay the aggregate

amount of interest then coming due and payable on the outstanding applicable Parity Obligations, the District shall apply such amounts to the payment of interest on each of the outstanding applicable Parity Obligations on a pro rata basis.

(2) Principal Account. On each Principal Payment Date on which the principal of applicable Parity Obligations is payable, the District shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the applicable Parity Obligations coming due and payable on such Principal Payment Date and the amount of principal becoming due and payable on any mandatory sinking account payment due on all outstanding applicable Parity Obligations, if any. All moneys in the Principal Account shall be used and withdrawn by the District solely for the purpose of paying the principal of the applicable Parity Obligations at the maturity date or upon early redemption, as the case may be. In the event that the amounts on deposit in the Principal Account on any Principal Payment Date are insufficient for any reason to pay the aggregate amount of principal then coming due and payable on the outstanding applicable Parity Obligations, the District shall apply such amounts to the payment of principal on each of the outstanding applicable Parity Obligations on a pro rata basis.

(3) Reserve Accounts. Payments required to replenish any debt service reserve accounts established for applicable Parity Obligations shall be made in accordance with the terms hereof and such applicable Parity Obligations Documents, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(4) Subordinate Debt Repayment. Payments relating to principal and interest on or with respect to applicable Subordinate Debt in accordance with the terms of such Subordinate Debt, without preference or priority, and in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.

(5) Subordinate Debt Reserve Accounts. To make payments required with respect to applicable Subordinate Debt to replenish reserve accounts established therefor in accordance with the terms of such applicable Subordinate Debt, without preference or priority, and in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.

(6) General Expenditures. For any lawful purpose of the District, including, but not limited to, any costs of capital improvements to the Water Enterprise and contributions to rate stabilization funds and other such reserves.

**Section 4.3(b). Revenues; Establishment and Application of Wastewater Revenues.**

The District hereby covenants and agrees to establish, maintain and hold in trust a separate special trust fund for the Wastewater Enterprise to be designated the “Wastewater Revenue Fund” (herein referred to as the “Wastewater Revenue Fund”) so long as the 2021 Wastewater Obligation

Payments remain unpaid. Within the Wastewater Revenue Fund the District shall establish and maintain a separate Interest Account, Principal Account and Redemption Account therein. The Wastewater Revenue Fund shall be kept separate and apart from all other funds and accounts held by the District and shall be administered as provided herein. The District hereby covenants and agrees that all Revenues attributable to the Wastewater Enterprise, when and as received, will be received and held by the District in trust for the benefit of the Bank and owners of any Parity Obligations, and will be allocated and deposited by the District in the Wastewater Revenue Fund. All Revenues attributable to the Wastewater Enterprise shall be disbursed, allocated and applied solely to the following uses and purposes and in the following order of priority:

(a) Maintenance and Operation Costs. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants to pay all Maintenance and Operation Costs attributable to the Wastewater Enterprise (including amounts reasonably required to be set aside in contingency reserves for the Wastewater Enterprise, the payment of which is not then immediately required) from the Wastewater Revenue Fund as they become due and payable. The District shall annually prepare a budget for Maintenance and Operation Costs attributable to the Wastewater Enterprise.

(b) Net Revenues. All Net Revenues attributable to the Wastewater Enterprise on each Payment Date, shall be transferred by the District from the Wastewater Revenue Fund and allocated to the following respective accounts, the following amounts in the following order of priority, the requirements of each such account at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(1) Interest Account. On each Interest Payment Date, the District shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all outstanding applicable Parity Obligations. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all outstanding applicable Parity Obligations on such Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the District solely for the purpose of paying interest on the applicable Parity Obligations as it shall become due and payable. In the event that the amounts on deposit in the Interest Account on any Interest Payment Date are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the outstanding applicable Parity Obligations, the District shall apply such amounts to the payment of interest on each of the outstanding applicable Parity Obligations on a pro rata basis.

(2) Principal Account. On each Principal Payment Date on which the principal of applicable Parity Obligations is payable, the District shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the applicable Parity Obligations coming due and payable on such Principal Payment Date and the amount of principal becoming due and payable on any mandatory sinking account payment due on all outstanding applicable Parity Obligations, if any. All moneys in the Principal Account shall be used and withdrawn by the District solely for the purpose of paying the principal of the applicable

Parity Obligations at the maturity date or upon early redemption, as the case may be. In the event that the amounts on deposit in the Principal Account on any Principal Payment Date are insufficient for any reason to pay the aggregate amount of principal then coming due and payable on the outstanding applicable Parity Obligations, the District shall apply such amounts to the payment of principal on each of the outstanding applicable Parity Obligations on a pro rata basis.

(3) Reserve Accounts. Payments required to replenish any debt service reserve accounts established for applicable Parity Obligations shall be made in accordance with the terms hereof and such applicable Parity Obligations Documents, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(4) Subordinate Debt Repayment. Payments relating to principal and interest on or with respect to applicable Subordinate Debt in accordance with the terms of such Subordinate Debt, without preference or priority, and in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.

(5) Subordinate Debt Reserve Accounts. To make payments required with respect to applicable Subordinate Debt to replenish reserve accounts established therefor in accordance with the terms of such applicable Subordinate Debt, without preference or priority, and in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.

(6) General Expenditures. For any lawful purpose of the District, including, but not limited to, any costs of capital improvements to the Wastewater Enterprise and contributions to rate stabilization funds and other such reserves.

**Section 4.4. Special Obligation of the District; Obligations Absolute.** The District's obligation to pay the 2021 Water Obligation Payments shall be a special obligation of the District limited solely to Net Revenues attributable to the Water Enterprise and amounts on deposit in the Water Revenue Fund. The District's obligation to pay the 2021 Wastewater Obligation Payments shall be a special obligation of the District limited solely to Net Revenues attributable to the Wastewater Enterprise and amounts on deposit in the Wastewater Revenue Fund. Under no circumstances shall the District be required to advance moneys derived from any source of income other than Net Revenues and other sources specifically identified herein for the payment of the 2021 Taxable Obligation Payments, nor shall any other funds or property of the District be liable for the payment of the 2021 Taxable Obligation Payments. Notwithstanding the foregoing provisions of this Section, however, nothing herein is intended to prohibit the District voluntarily from making any payment hereunder from any source of available funds of the District.

The obligations of the District to pay the 2021 Taxable Obligation Payments from Net Revenues, and to perform and observe the other agreements contained herein, shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or

recoupment arising out of any breach of the District, the Bank of any obligation to the District or otherwise with respect to the Enterprise, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Bank.

Until such time as all of the 2021 Taxable Obligation Payments shall have been fully paid or prepaid, the District (a) will not suspend or discontinue payment of any 2021 Taxable Obligation Payments, (b) will perform and observe all other agreements contained in this Agreement, and (c) will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Enterprises, sale of the Enterprises, the taking by eminent domain of title to or temporary use of any component of the Enterprises, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State or any political subdivision of either thereof or any failure of the Bank to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement.

**Section 4.5. Reduction upon Partial Prepayment.** In the event the District prepays less than all of the remaining Principal Components of either the 2021 Water Obligation Payments 2021 Wastewater Obligation Payments pursuant to Sections 3.5 hereof, such prepayment shall be applied to the outstanding applicable Principal Components in inverse order of maturity, unless otherwise requested by the District and agreed to in writing by the Bank in its sole discretion, and Exhibit A shall be revised accordingly and shall be and become for all purposes thereafter the “Amended Exhibit A to this Agreement.” The District shall forward copies of all such amendments to the Bank.

## ARTICLE V

### COVENANTS OF THE DISTRICT

**Section 5.1. Operation and Maintenance of the Enterprise.** The District will maintain and preserve each Enterprise in good repair and working order at all times and will operate each Enterprise in an efficient and economical manner and will pay all Maintenance and Operation Costs of each Enterprise as they become due and payable.

**Section 5.2. Against Sale or Other Disposition of Property.** The District will not sell, lease, or otherwise dispose of either Enterprise or any part thereof essential to the proper operation of such Enterprise or to the maintenance of the Net Revenues. The District will not enter into any agreement or lease that impairs the operation of either Enterprise or any part thereof necessary to secure adequate Net Revenues for the payment of the 2021 Taxable Obligations or that would otherwise impair the rights of the District with respect to the Net Revenues or the operation of such Enterprise. Any real or personal property that has become nonoperative or that is not needed for the efficient and proper operation of an Enterprise, or any material or equipment that has become worn out, may be sold at not less than the Fair Market Value thereof. The District shall deposit the proceeds of such sale in the applicable Revenue Fund. Nothing herein shall restrict the ability of the District to sell any portion of an Enterprise if such portion is immediately repurchased by the District (or other entity required as part of a financing structure) and if such arrangement cannot



by its terms result in the purchaser of such portion of such Enterprise exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of such Enterprise or interfere with its right to collect the Revenues therefrom.

**Section 5.3(a). Rates, Fees, and Charges of the Water Enterprise.** (a) The District will, at all times while the 2021 Water Obligation Payments remain unpaid, fix, prescribe and collect rates, fees, property taxes and charges in connection with the Water Enterprise so as to yield Revenues attributable to the Water Enterprise at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts in the order set forth below:

- (1) All Maintenance and Operation Costs of the Water Enterprise;
- (2) All payments of Debt Service attributable to the Water Enterprise and all other payments (including payments under reimbursement agreements) with respect to all applicable Parity Obligations as they become due and payable;
- (3) All amounts, if any, required to restore the balance in any reserve accounts established for applicable Parity Obligations in accordance with the terms of such applicable Parity Obligations Documents, without preference or priority;
- (4) All Subordinate Debt Payments (but only to the extent not projected to be payable from reserves set aside and available therefor) and all other payments with respect to all applicable Subordinate Debt as they become due and payable; and
- (5) All other payments required to meet any other obligations of the District that are charges, liens, encumbrances upon, or which are otherwise payable from the Revenues attributable to the Water Enterprise during such Fiscal Year.

(b) Furthermore, the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water Enterprise during each Fiscal Year which are sufficient to yield estimated Net Revenues attributable to the Water Enterprise which are at least equal to one hundred twenty-five percent (125%) of the aggregate amount of Debt Service on all applicable Parity Obligations payable from Net Revenues attributable to the Water Enterprise coming due and payable during such Fiscal Year. The District may make adjustments, from time to time, in its rates, fees and charges as it deems necessary, but shall not reduce its rates, fees and charges below those in effect unless the Net Revenues attributable to the Water Enterprise resulting from such reduced rates, fees and charges shall at all times be sufficient to meet the requirements set forth in this paragraph.

(c) If the District violates the covenants set forth in subsections (a) or (b) hereof, such violation shall not, in and of itself, be a default under this Agreement and shall not give rise to a declaration of an Event of Default so long as (i) Net Revenues attributable to the Water Enterprise (calculated without taking into account any amounts transferred into the Water Revenue Fund from

the Water Rate Stabilization Fund pursuant to subsection (d) below), are at least equal to the Maximum Annual Debt Service, and (ii) within 120 days after the date such violation is discovered, the District either (x) transfers enough moneys from the Water Rate Stabilization Fund sufficient to yield estimated Net Revenues attributable to the Water Enterprise which are at least equal to one hundred twenty-five percent (125%) of the aggregate amount of Debt Service on all applicable Parity Obligations payable from Net Revenues attributable to the Water Enterprise coming due and payable during such Fiscal Year in compliance with subsection (b) hereof, (y) hires an Independent Financial Consultant to review the revenues and expenses of the Water Enterprise, and abides by such consultant's recommendations to revise the schedule of rates, fees, expenses and charges, and to revise any Maintenance and Operation Costs attributable to the Water Enterprise insofar as practicable, and to take such other actions as are necessary so as to produce Net Revenues attributable to the Water Enterprise to cure such violation for future compliance, or (z) receives a written waiver from the Bank; *provided, however*, that, if the District does not, or cannot, transfer from the Water Rate Stabilization Fund the amount necessary to comply with subsection (b) hereof, or otherwise cure such violation within three (3) months after the date such violation is discovered, an Event of Default shall be deemed to have occurred under Section 6.1(a)(2) hereof, unless the Bank provides otherwise in writing at its sole option.

(d) There is hereby created a separate fund to be known as the "Water Rate Stabilization Fund," to be held and maintained by the District. Amounts in the Water Rate Stabilization Fund shall be applied solely for the uses and purposes set forth in this subsection (d). The District shall have the right to deposit into the Water Rate Stabilization Fund from time to time any amount of funds which are legally available therefor; provided that deposits for each Fiscal Year may be made until (but not after) one hundred twenty (120) days following the end of such Fiscal Year (unless otherwise agreed by the Bank).

For the purpose of computing the amount of Revenues attributable to the Water Enterprise for any Fiscal Year for purposes of the preceding subsection (a), or the amount of Net Revenues attributable to the Water Enterprise for any Fiscal Year for purposes of the preceding subsection (b), the District shall be permitted to transfer amounts on deposit in the Water Rate Stabilization Fund to the Water Revenue Fund, such transfers to be made until (but not after) one hundred twenty (120) days after the end of such Fiscal Year (unless otherwise agreed by the Bank). In addition, the District shall be permitted to withdraw amounts on deposit in the Water Rate Stabilization Fund for any other lawful purpose. The Water Rate Stabilization Fund is not pledged to secure payment of the 2021 Taxable Obligations.

**Section 5.3(b). Rates, Fees, and Charges of the Wastewater Enterprise.** (a) The District will, at all times while the 2021 Wastewater Obligation Payments remain unpaid, fix, prescribe and collect rates, fees, property taxes and charges in connection with the Wastewater Enterprise so as to yield Revenues attributable to the Wastewater Enterprise at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts in the order set forth below:

- (1) All Maintenance and Operation Costs of the Wastewater Enterprise;
- (2) All payments of Debt Service attributable to the Wastewater Enterprise and all other payments (including payments under reimbursement agreements)

with respect to all applicable Parity Obligations as they become due and payable;

- (3) All amounts, if any, required to restore the balance in any reserve accounts established for applicable Parity Obligations in accordance with the terms of such applicable Parity Obligations Documents, without preference or priority;
- (4) All Subordinate Debt Payments (but only to the extent not projected to be payable from reserves set aside and available therefor) and all other payments with respect to all applicable Subordinate Debt as they become due and payable; and
- (5) All other payments required to meet any other obligations of the District that are charges, liens, encumbrances upon, or which are otherwise payable from the Revenues attributable to the Wastewater Enterprise during such Fiscal Year.

(b) Furthermore, the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater Enterprise during each Fiscal Year which are sufficient to yield estimated Net Revenues attributable to the Wastewater Enterprise which are at least equal to one hundred twenty-five percent (125%) of the aggregate amount of Debt Service on all applicable Parity Obligations payable from Net Revenues attributable to the Wastewater Enterprise coming due and payable during such Fiscal Year. The District may make adjustments, from time to time, in its rates, fees and charges as it deems necessary, but shall not reduce its rates, fees and charges below those in effect unless the Net Revenues attributable to the Wastewater Enterprise resulting from such reduced rates, fees and charges shall at all times be sufficient to meet the requirements set forth in this paragraph.

(c) If the District violates the covenants set forth in subsections (a) or (b) hereof, such violation shall not, in and of itself, be a default under this Agreement and shall not give rise to a declaration of an Event of Default so long as (i) Net Revenues attributable to the Wastewater Enterprise (calculated without taking into account any amounts transferred into the Wastewater Revenue Fund from the Wastewater Rate Stabilization Fund pursuant to subsection (d) below), are at least equal to the Maximum Annual Debt Service, and (ii) within 120 days after the date such violation is discovered, the District either (x) transfers enough moneys from the Wastewater Rate Stabilization Fund sufficient to yield estimated Net Revenues attributable to the Wastewater Enterprise which are at least equal to one hundred twenty-five percent (125%) of the aggregate amount of Debt Service on all applicable Parity Obligations payable from Net Revenues attributable to the Wastewater Enterprise coming due and payable during such Fiscal Year in compliance with subsection (b) hereof, (y) hires an Independent Financial Consultant to review the revenues and expenses of the Wastewater Enterprise, and abides by such consultant's recommendations to revise the schedule of rates, fees, expenses and charges, and to revise any Maintenance and Operation Costs attributable to the Wastewater Enterprise insofar as practicable, and to take such other actions as are necessary so as to produce Net Revenues attributable to the Wastewater Enterprise to cure such violation for future compliance, or (z) receives a written waiver from the Bank; *provided, however*, that, if the District does not, or cannot, transfer from the

Wastewater Rate Stabilization Fund the amount necessary to comply with subsection (b) hereof, or otherwise cure such violation within three (3) months after the date such violation is discovered, an Event of Default shall be deemed to have occurred under Section 6.1(a)(2) hereof, unless the Bank provides otherwise in writing at its sole option.

(d) There is hereby created a separate fund to be known as the “Wastewater Rate Stabilization Fund,” to be held and maintained by the District. Amounts in the Wastewater Rate Stabilization Fund shall be applied solely for the uses and purposes set forth in this subsection (d). The District shall have the right to deposit into the Wastewater Rate Stabilization Fund from time to time any amount of funds which are legally available therefor; provided that deposits for each Fiscal Year may be made until (but not after) one hundred twenty (120) days following the end of such Fiscal Year (unless otherwise agreed by the Bank).

For the purpose of computing the amount of Revenues attributable to the Wastewater Enterprise for any Fiscal Year for purposes of the preceding subsection (a), or the amount of Net Revenues attributable to the Wastewater Enterprise for any Fiscal Year for purposes of the preceding subsection (b), the District shall be permitted to transfer amounts on deposit in the Wastewater Rate Stabilization Fund to the Wastewater Revenue Fund, such transfers to be made until (but not after) one hundred twenty (120) days after the end of such Fiscal Year (unless otherwise agreed by the Bank). In addition, the District shall be permitted to withdraw amounts on deposit in the Wastewater Rate Stabilization Fund for any other lawful purpose. The Wastewater Rate Stabilization Fund is not pledged to secure payment of the 2021 Taxable Obligations.

**Section 5.4. Collection of Rates and Charges.** The District will have in effect at all times rules and regulations requiring each consumer or customer utilizing Enterprise facilities to pay the rates, fees and charges applicable to such use or benefit received. Except in connection with the receipt of federal or State funding, the District will not permit any part of an Enterprise or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the State and any city, county, district, political subdivision, public corporation or agency of any thereof).

**Section 5.5. Competitive Facilities.** Except for any Enterprise facilities existing as of the date hereof, the District will not, to the extent permitted by law, acquire, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, authority, city, special district, or political subdivision or any person whomsoever to acquire, maintain or operate within the sphere of influence of the District any water or wastewater system, as applicable, competitive with either applicable Enterprise; *provided, however,* that the District may, with the written consent of the Bank first had and obtained, assign all or a portion of an Enterprise to another entity upon delivery to the Bank of an opinion of counsel experienced in the field of law relating to municipal bonds that such assignment will not adversely affect the tax-exempt status of the interest with respect to any applicable Parity Obligations, and provided such entity assumes the obligations of the District hereunder.

**Section 5.6. Insurance.** (a) The District will procure and maintain insurance on each Enterprise with commercial insurers or through participation in a joint powers insurance authority, in such amounts, with such deductibles and against such risks (including accident to or destruction

of such Enterprise) as are usually insurable in accordance with industry standards with respect to similar enterprises.

In the event of any damage to or destruction of an Enterprise caused by the perils covered by such insurance, the proceeds of such insurance shall be applied to the repair, reconstruction or replacement of the damaged or destroyed portion of such Enterprise. The District shall cause such repair, reconstruction or replacement to begin promptly after such damage or destruction shall occur and to continue and to be properly completed as expeditiously as possible, and shall pay out of the proceeds of such insurance all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and such Enterprise shall be free and clear of all liens and claims. If the proceeds received by reason of any such loss shall exceed the costs of such repair, reconstruction or replacement, the excess shall be applied to prepay the 2021 Taxable Obligations and any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such Parity Obligations.

Alternatively, if the proceeds of such insurance are sufficient to enable the District to retire all outstanding Parity Obligations and all other amounts due hereunder, the District may elect not to repair, reconstruct or replace the damaged or destroyed portion of such Enterprise, and thereupon such proceeds shall be applied to the prepayment of such Parity Obligations and to the payment of all other amounts due hereunder, and as otherwise required by the documents pursuant to which other Parity Obligations were issued.

(b) The District will procure and maintain commercial general liability insurance covering claims against the District for bodily injury or death, or damage to property, occasioned by reason of the ownership or operation of the Enterprises, such insurance to afford protection in such amounts and against such risks as are usually covered in connection with similar enterprises.

(c) The District will procure and maintain workers' compensation insurance against liability for compensation under the Workers' Compensation Insurance and Safety Act of California, or any act hereafter enacted as an amendment or supplement or in lieu thereof; such insurance to cover all persons employed in connection with the Enterprises.

(d) All policies of insurance required to be maintained herein shall provide that the Bank shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

(e) In lieu of obtaining insurance coverage as required by this Section, such coverage may, with the prior written consent of the Bank, be maintained by the District in the form of self-insurance. The District shall certify to the Bank that (i) the District has segregated amounts in a special insurance reserve meeting the requirements of this Section; (ii) an Insurance Consultant certifies annually, on or before May 1 of each year in which self-insurance is maintained, in writing to the Bank that the District's general insurance reserves are actuarially sound and are adequate to provide the necessary coverage; and (iii) such reserves are held in a separate trust fund by an independent trustee. Any statements of self-insurance shall be delivered to the Bank. The District shall pay or cause to be paid when due the premiums for all insurance policies required hereby.

The District shall cause the Bank to be named as an additional insured with respect to the District's liability insurance, and as a loss payee with respect to any property damage insurance. The District shall not allow any insurance to expire without thirty (30) days prior written notice to the Bank.

**Section 5.7. Eminent Domain.** If all or any part of an Enterprise shall be taken by eminent domain proceedings, the resulting Net Proceeds thereof shall be applied as follows:

(a) If (1) the District delivers to the Bank a Certificate of the District showing (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to such Enterprise proposed to be acquired by the District from any Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) on the basis of such certificate, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive); then the District shall promptly proceed with the acquisition of such additions, betterments, extensions or improvements substantially in accordance with such Certificate of the District and such Net Proceeds shall be applied for the payment of the costs of such acquisition, and any balance of such Net Proceeds not required by the District for such purpose shall be applied to prepay the applicable Principal Components and the principal amount of any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such other Parity Obligations.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied to prepay the applicable Principal Components of the 2021 Taxable Obligations and the principal amounts of any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such other Parity Obligations.

**Section 5.8. Additional Information.** The District agrees to furnish to the Bank, promptly, from time to time, such information regarding the operations, financial condition and property of the District and such Enterprise as the Bank may reasonably request.

**Section 5.9. Compliance with Law and Contracts.** The District will faithfully comply with, keep, observe, and perform all valid and lawful obligations or regulations now or hereafter imposed on its operation of each Enterprise by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board, or commission having jurisdiction or control.

**Section 5.10. Punctual Payment.** The District will punctually pay the principal and interest to become due in respect of the 2021 Taxable Obligations, in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not rescind this Agreement for any cause.

**Section 5.11. Protection of Security and Rights of the Bank.** The District will preserve and protect the security of the 2021 Taxable Obligations and the rights of the Bank and will defend the Bank's rights against all claims and demands of all persons. From and after the Closing Date, the 2021 Taxable Obligations shall be incontestable by the District.

**Section 5.12. Parity Obligations.**

(a) So long as the 2021 Taxable Obligations are outstanding, the District shall not issue or incur any obligations payable from Revenues or Net Revenues senior or superior to the payment of Debt Service on the 2021 Taxable Obligations. The District may at any time issue Parity Obligations payable from Net Revenues on parity with Debt Service on the 2021 Taxable Obligations to provide financing or refinancing for an Enterprise in such principal amount as shall be determined by the District. The District may issue or incur any such Parity Obligations subject to the following specific conditions, which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations:

(1) No Event of Default shall have occurred and be continuing; and

(2) The Net Revenues (calculated without taking into account any amounts transferred into the Revenue Fund from either the Water Rate Stabilization Fund or the Wastewater Rate Stabilization Fund, as applicable, calculated in accordance with Generally Accepted Accounting Principles, either (i) as shown by the books of the District for the latest Fiscal Year, as verified by a certificate of an Authorized Representative of the District, or (ii) as shown by the books of the District for any more recent twelve (12) month period within the preceding eighteen (18) months selected by the District, as verified by a certificate or opinion of an Independent Certified Public Accountant employed by the District, plus in either case (at the option of the District) the Additional Revenues, shall be at least equal to one hundred twenty-five percent (125%) of the amount of Maximum Annual Debt Service on all outstanding applicable Parity Obligations and the Parity Obligations to be issued.

The provisions of subsection (a)(2) of this Section shall not apply to any Parity Obligations if, and to the extent that (i) all of the proceeds of such Parity Obligations (other than proceeds applied to pay costs of issuing such Parity Obligations and to make the reserve fund deposit) shall be deposited in an irrevocable escrow held in cash or invested in Federal Securities for the purpose of paying the principal of and interest and premium (if any) on such outstanding Parity Obligations, and (ii) at the time of the incurring of such Parity Obligations, the District certifies in writing that maximum annual debt service on such Parity Obligations will not exceed Maximum Annual Debt Service on the outstanding Parity Obligations being refunded, and (iii) the final maturity of such Parity Obligations is not later than the final maturity of the Parity Obligations being refunded.

(b) In order to maintain the parity relationship of debt service payments on all Parity Obligations permitted hereunder, the District covenants that all payments in the nature of principal and interest or reserve account replenishment with respect to any Parity Obligations, will be structured to occur semi-annually on February 1 and August 1, in each year as such payments are due with respect to the Debt Service payments, and reserve account replenishment with respect to any Parity Obligations will be structured to occur within one year, and to otherwise structure the

terms of such Parity Obligations to ensure that they are in all respects payable on a parity with the Debt Service payments on the 2021 Taxable Obligations and all Parity Obligations, and not prior thereto.

(c) The District may at any time execute contracts or issue bonds or other indebtedness payable from applicable Net Revenues on a subordinated basis to the payment of the Debt Service payments on Parity Obligations.

**Section 5.13. Against Encumbrances.** The District hereby covenants and agrees that it shall not incur any obligations that are secured by a pledge and lien on the Net Revenues that is senior to the pledge and lien on the Net Revenues contained herein. The District will not make any pledge of or place any lien on the Net Revenues except as provided herein. The District may pledge Net Revenues to secure Parity Obligations issued in accordance with Section 5.12 hereof. The District may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose that are payable from and secured by a pledge of and lien on Net Revenues that is subordinate in all respects to the pledge of and lien on the Net Revenues provided herein.

**Section 5.14. Further Assurances.** The District will adopt, make, execute and deliver any and all further resolutions, instruments, and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Bank of the rights and benefits provided to it herein.

**Section 5.15. Financial Reports.** Promptly upon receipt by the District and in no event later than two hundred seventy (270) days after the close of each Fiscal Year (unless otherwise agreed in writing by the Bank), the District will furnish, or cause to be furnished, to the Bank an audit report of an Independent Certified Public Accountant with respect to such Fiscal Year, covering the operations of the Enterprise for said Fiscal Year. Such audit report shall include statements of the status of each account pertaining to the Enterprises, showing the amount and source of all deposits therein, the amount and purpose of the withdrawals therefrom and the balance therein at the beginning and end of said Fiscal Year. In addition, the District shall deliver to the Bank, immediately after the approval thereof, a copy of the District's adopted budget for the then current Fiscal Year. The District shall also deliver to the Bank a copy of any update to the District's budget adopted for a Fiscal Year with thirty (30) days of the adoption of such updated budget.

**Section 5.16. Observance of Laws and Regulations.** The District will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the District, including the District's right to exist and carry on business as a community services district, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

**Section 5.17. Budget.** The District hereby covenants to take such action as may be necessary to include all 2021 Taxable Obligation Payments and all other amounts due hereunder



in its annual budget and to make the necessary annual appropriations for all such 2021 Taxable Obligation Payments and all other amount due hereunder.

**Section 5.18. Notices.** The District shall provide to the Bank:

(a) Immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under this Agreement, together with a detailed statement by an Authorized Representative of the steps being taken by the District to cure the effect of such Event of Default.

(b) Prompt written notice (i) of any action, suit or proceeding or any investigation, inquiry or similar proceeding by or before any court or other governmental authority, domestic or foreign, against the District or the Enterprise or the Revenues which involve claims equal to or in excess of \$500,000 or that seeks injunctive relief, or (ii) of any loss or destruction of or damage to any portion of the Enterprise in excess of \$500,000.

(c) Prompt written notice of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority with respect to any matter that relates to or could impact any Revenues.

(d) Promptly upon notice thereof, any termination or cancellation of any insurance policy which the District is required to maintain, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting the District property in excess of an aggregate of \$500,000.

(e) With reasonable promptness, such other information respecting the District, Enterprise, and the operations, affairs and financial condition of the District as the Bank may from time to time reasonably request.

## ARTICLE VI

### EVENTS OF DEFAULT AND REMEDIES

**Section 6.1. Events of Default and Remedies.**

(a) Events of Default. The following shall be Events of Default hereunder:

(1) Failure by the District to pay any Principal Component or Interest Component on the 2021 Taxable Obligations when due.

(2) Failure by the District to observe and perform any covenant, condition or agreement on its part contained herein pertaining to an Enterprise, other than in clause (1) of this subsection, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Bank; *provided, however,* if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such thirty (30) day period, the Bank shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the

District within such thirty (30) day period and diligently pursued until the default is corrected.

(3) Default by the District under any Parity Obligation (or Subordinate Debt which requires or permits the immediate acceleration thereof).

(4) Institution of any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law or any law providing for the appointment of a receiver, liquidator, trustee, or similar official of the District or of all or substantially all of its assets, by or with the consent of the District, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within sixty (60) days, or agreement by the District with the District's creditors to effect a composition or extension of time to pay the District's debts, or request by the District for a reorganization or to effect a plan of reorganization, or for a readjustment of the District's debts, or a general or any assignment by the District for the benefit of the District's creditors.

(5) This Agreement or any material provision of this Agreement shall at any time for any reason cease to be the legal, valid and binding obligation of the District or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by the District, or the District shall renounce the same or deny that it has any further liability hereunder.

(6) Dissolution, termination of existence or insolvency of the District.

(7) Any court of competent jurisdiction with jurisdiction to rule on the validity of any provision of this Agreement shall find or rule that this Agreement is not valid or not binding on the District.

(b) Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Bank shall have the right, at its option upon notice to the District, to declare the unpaid aggregate Principal Components of the 2021 Taxable Obligations, and the interest accrued thereon, to be immediately due and payable, whereupon the same shall immediately become due and payable.

The Bank shall also have the right, at its option upon notice to the District, to (i) apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require officials of the District to charge and collect rates for services provided by the District and the applicable Enterprise in question sufficient to meet all requirements of this Agreement, and (ii) take whatever action at law or in equity as may appear necessary or desirable to collect the 2021 Taxable Obligation Payments then due or thereafter to become due during the Term of this Agreement, or enforce performance and observance of any obligation, agreement or covenant of the District under this Agreement, subject to the following paragraph.

Notwithstanding any provision of this Agreement, the District's liability to pay the 2021 Taxable Obligation Payments and other amounts hereunder shall be limited solely to Net Revenues as provided in Article IV hereof. In the event that Net Revenues shall be insufficient at any time

to pay a Principal Component and/or Interest Component in full, the District shall not be liable to pay or prepay such delinquent 2021 Taxable Obligation Payment other than from Net Revenues.

**Section 6.2. Application of Funds Upon Acceleration.** Upon the date of the declaration of acceleration as provided in Section 6.1, all Net Revenues thereafter received by the District shall be applied in the following order:

First, to the payment of the fees, costs and expenses incurred and necessary to protect the interests of the Bank and the holders of Parity Obligations, including the reasonable fees, costs and expenses of the Bank and any trustee, paying agent or holder of Parity Obligations in connection with such declaration, including reasonable compensation to their respective accountants and counsel; and

Second, to the payment of the entire unpaid aggregate Principal Components of the 2021 Taxable Obligations and the accrued interest thereon and any unpaid Parity Obligations, with interest on the overdue payments at the rate or rates of interest applicable to the 2021 Taxable Obligations and any such Parity Obligations if paid in accordance with their respective terms, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority, according to the amounts due respectively, to the Persons entitled thereto without any discrimination or preference.

**Section 6.3. Other Remedies of the Bank.** The Bank shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District;

(b) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Bank; or

(c) by suit in equity upon the happening of an Event of Default to require the District and its Board of Directors, officers and employees to account as the trustee of an express trust.

Notwithstanding anything contained herein the Bank shall have no security interest in or mortgage on any part of either Enterprise and default hereunder shall not result in the loss of any part of an Enterprise.

**Section 6.4. Non-Waiver.** Nothing in this article or in any other provision hereof, or in the 2021 Taxable Obligations, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the 2021 Water Obligation Payments and 2021 Water Obligation Payments to the Bank when due, as herein provided, out of applicable Net Revenues herein pledged for such payment, or shall affect or impair the right of the Bank, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in this Agreement.

A waiver of any default or breach of duty or contract by the Bank shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such

subsequent default or breach of duty or contract. No delay or omission by the Bank to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Bank by law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Bank.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Bank, the District and the Bank shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

**Section 6.5. Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Bank is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

**Section 6.6. Prosecution and Defense of Suits.** The District shall promptly, upon request of the Bank or its assignee, from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to an Enterprise whether now existing or hereafter arising and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose.

## ARTICLE VII

### NOTICES

**Section 7.1. Notices.** All written notices under this Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice is effective either (a) upon transmission by facsimile transmission, (b) upon actual receipt after deposit in the United States mail, postage prepaid, or (c) in any other case, upon actual receipt. The District or the Bank may, by written notice to the other parties, from time to time modify the address or number to which communications are given hereunder.

If to the District:      Oceano Community Services District  
1655 Front Street  
Oceano, California 93475  
Attention: General Manager

If to the Bank:      First Foundation Public Finance Trust  
2233 Douglas Boulevard, Suite 300  
Roseville, California 95661  
Attention: Trevor Mael

## ARTICLE VIII

### AMENDMENTS; DISCHARGE; GENERAL AUTHORIZATION; EFFECTIVE DATE

#### **Section 8.1. Amendments Permitted.**

(a) This Agreement and the rights and obligations of the District and of the Bank may be modified or amended at any time by a written supplemental agreement entered into by the District and the Bank.

(b) From and after the time any supplemental agreement becomes effective pursuant to this Article, this Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Agreement and the Bank shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

#### **Section 8.2. Discharge of Agreement.**

(a) If the District shall pay or cause to be paid or there shall otherwise be paid to the Bank the principal of and the interest and the prepayment premium, if any, on the 2021 Taxable Obligations at the times and in the manner stipulated herein, then all agreements, covenants and other obligations of the District to the Bank hereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) This Agreement shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this section if (1) in case the 2021 Taxable Obligations are to be prepaid on any date prior to its final Principal Payment Date, the District shall have mailed a notice of prepayment to the Bank, (2) there shall have been irrevocably deposited with the Bank (and pledged to the payment of the outstanding balance of 2021 Taxable Obligations), or an escrow agent reasonably acceptable to the Bank, either money in an amount that shall be sufficient or direct obligations of the United States of America that are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money that, together with the money, if any, deposited with the Bank or such escrow agent at the same time, shall be sufficient (in the opinion of an Independent Certified Public Accountant) to pay when due the interest to become due on the 2021 Taxable Obligations on and prior to the final Principal Payment Date or prepayment date thereof, as the case may be, and the principal of and prepayment premiums, if any, on the 2021 Taxable Obligations on and prior to the final Principal Payment Date or the prepayment date thereof, as the case may be, and (3) if the 2021 Taxable Obligations are not subject to prepayment within the next succeeding sixty (60) days, the District shall have mailed a notice to the Bank that the deposit required by clause (2) above has been made with the Bank or such escrow agent and that the 2021 Taxable Obligations are deemed to have been paid in accordance with this section and stating the principal payment dates or prepayment date, as the case may be, upon which money is to be available for the payment of the principal of and prepayment premiums, if any, on the 2021

Taxable Obligations.

**Section 8.3. General Authorization.** The Authorized Representatives of the District, and each of them individually, are hereby authorized and directed, for and in the name of and on behalf of the District, to execute and deliver any and all documents (including specifically this Agreement and the 2021 Taxable Obligations.), to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, in order to consummate the financing and to effect the purposes of this Agreement and the 2021 Taxable Obligations. All actions heretofore taken by officers, employees, and agents of the District that are in conformity with the purposes and intent of this Agreement are hereby approved, confirmed, and ratified.

**Section 8.4. Cancellation of Bonds.** All 2021 Taxable Obligations surrendered to the District for payment upon maturity or for redemption shall upon payment therefor be cancelled forthwith and shall not be reissued.

**Section 8.5. Execution of Documents and Proof of Ownership.** Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Agreement to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor, may be signed or executed by such Owner in person or by their attorneys appointed by an instrument in writing for that purpose, or by the commercial bank, trust company or other depository for such 2021 Taxable Obligations. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of 2021 Taxable Obligations shall be sufficient for the purposes of this Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any commercial bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to the 2021 Taxable Obligations, the person in whose name the same shall be registered in the 2021 Taxable Obligations Register shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of the principal of any such 2021 Taxable Obligation, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such the 2021 Taxable Obligations and the interest thereon to the extent of the sum or sums to be paid. Nothing contained in this Agreement shall be construed as limiting the District to such proof, it being intended that the District may accept other evidence of the matters herein stated which the District may deem sufficient. Any request or consent of the Owner of the 2021 Taxable Obligations shall bind every future Owner of the same 2021 Taxable Obligation in respect of anything done or suffered to be done by the District in pursuance of such request or consent.

**Section 8.6. Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon the Bank and the District and their respective successors and assigns.

**Section 8.7. Severability.** In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 8.8. Further Assurances and Corrective Instruments.** The Bank and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Agreement.

**Section 8.9. Applicable Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of California. In the event of any legal action to enforce or interpret this Agreement, including any challenge to or review of arbitration, the sole and exclusive venue shall be a court of competent jurisdiction located in San Luis Obispo County, California, or the Northern District of California if moved to federal venue, and the parties hereto agree to and do hereby submit to such jurisdiction, notwithstanding Code of Civil Procedure section 394.

**Section 8.10. Captions.** The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Agreement.

**Section 8.11. Expenses.** The fees and disbursements of Bond Counsel, the cost of preparing the documentation, CDIAC fees and other miscellaneous expenses of the District incurred in connection with the execution and delivery of the 2021 Taxable Obligations shall all be the obligation of the District. The Bank shall have no responsibility for any expenses associated with the issuance of the 2021 Taxable Obligations, including, but not limited to, the expenses identified above as the obligation of the District.

**Section 8.12. Judicial Reference.**

(a) The Bank and the District hereby agree: (i) each proceeding or hearing based upon or arising out of, directly or indirectly, this Agreement or any document related thereto, any dealings between the District and the Bank related to the subject matter of this Agreement or any related transactions, and/or the relationship that is being established between the District and the Bank (hereinafter, a “Claim”) shall be determined by a consensual general judicial reference (the “Reference”) pursuant to the provisions of Section 638 et seq. of the California Code of Civil Procedure, as such statutes may be amended or modified from time to time; (ii) upon a written request, or upon an appropriate motion by either the Bank or the District, as applicable, any pending action relating to any Claim and every Claim shall be heard by a single Referee (as defined below) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee’s statement of decision will constitute the conclusive determination of the Claim. The Bank and the District agree that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before the Referee; (iii) the Bank and the District shall promptly and diligently cooperate with one another, as applicable, and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of all Claims in accordance with the terms of this Section 8.10; (iv) either the Bank or the District, as

applicable, may file the Referee’s findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee’s report and have judgment entered thereon. If the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it; (v) the District and the District, as applicable, will each have such rights to assert such objections as are set forth in Section 638 et seq. of the California Code of Civil Procedure; and (vi) all proceedings shall be closed to the public and confidential, and all records relating to the Reference shall be permanently sealed when the order thereon becomes final.

(b) The parties to the Reference proceeding shall select a single neutral referee (the “Referee”), who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least ten (10) years of judicial experience in civil matters. The Referee shall be appointed in accordance with Section 638 of the California Code of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). If within ten (10) days after the request or motion for the Reference, the parties to the Reference proceeding cannot agree upon a Referee, then any party to such proceeding may request or move that the Referee be appointed by a Judge of the San Luis Obispo County Superior Court, or of the U.S. District Court for the Northern District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 8.12.

(c) No provision of this Section 8.12 shall limit the right of either the Bank or the District, as the case may be, to (i) exercise such self-help remedies as might otherwise be available under applicable law, or (ii) obtain or oppose provisional or ancillary remedies, including without limitation injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after, or during the pendency of any Reference. The exercise of, or opposition to, any such remedy does not waive the right of the Bank or the District to the Reference pursuant to this Section 8.12(c).

(d) Promptly following the selection of the Referee, the District shall advance the estimated fees and costs of the Referee. In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys’ fees, to the prevailing party, if any, and may order the Referee’s fees to be paid or shared by the parties to such Reference proceeding in such manner as the Referee deems just.

**Section 8.13. Net-Net-Net Contract.** This Agreement is a “net-net-net contract” and the District hereby agrees that the 2021 Taxable Obligation Payments are an absolute net return to the Bank, free and clear of any expenses, charges or set-offs whatsoever.

**Section 8.14. Execution in Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*[Signature Page to Follow on Next Page]*



IN WITNESS WHEREOF, the Bank has caused this Agreement to be executed in its corporate name by its duly authorized officer; and the District has caused this Agreement to be executed in its name by its General Manager, as of the date first above written.

FIRST FOUNDATION PUBLIC FINANCE TRUST

By: \_\_\_\_\_

OCEANO COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_  
Will Clemens, General Manager

**EXHIBIT A-1**

**2021 WATER OBLIGATION PAYMENT SCHEDULE**

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<u>Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>2021 Water Obligation Payment</u>
08/01/2021			
02/01/2022			
08/01/2022			
02/01/2023			
08/01/2023			
02/01/2024			
08/01/2024			
02/01/2025			
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08/01/2034			
02/01/2035			
08/01/2035			
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Totals			

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**EXHIBIT A-2**

**2021 WASTEWATER OBLIGATION PAYMENT SCHEDULE**

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<u>Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>2021 Wastewater Obligation Payment</u>
08/01/2021			
02/01/2022			
08/01/2022			
02/01/2023			
08/01/2023			
02/01/2024			
08/01/2024			
02/01/2025			
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08/01/2035			
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Totals			

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**EXHIBIT A-3**

**2021 TAXABLE OBLIGATIONS PAYMENT SCHEDULE**

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<u>Payment Date</u>	<u>2021 Water Obligation Payment</u>	<u>2021 Wastewater Obligation Payment</u>	<u>2021 Taxable Obligation Payment</u>
08/01/2021			
02/01/2022			
08/01/2022			
02/01/2023			
08/01/2023			
02/01/2024			
08/01/2024			
02/01/2025			
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02/01/2035			
08/01/2035			
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Totals			
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**EXHIBIT B**

**FORM OF PROMISSORY NOTE**

**THIS PROMISSORY NOTE IS SUBJECT TO THE TRANSFER RESTRICTIONS  
SET FORTH IN SECTION 3.7 OF THE HEREINAFTER DEFINED AGREEMENT**

**No. R-1**

**\$ \_\_\_\_\_ .00**

**UNITED STATES OF AMERICA  
STATE OF CALIFORNIA**

**§ \_\_\_\_\_  
OCEANO COMMUNITY SERVICES DISTRICT  
SERIES 2021 TAXABLE REVENUE OBLIGATIONS  
(CALPERS UAL PREPAYMENT PROJECT)**

**PROMISSORY NOTE**

**INTEREST RATE: 3.460%**

**CLOSING DATE: May \_\_, 2021**

**MATURITY DATE: August 1, 2035**

**REGISTERED OWNER: FIRST FOUNDATION PUBLIC FINANCE TRUST**

**PRINCIPAL AMOUNT: THREE MILLION SIXTEEN THOUSAND DOLLARS**

This Promissory Note (the “Note”) evidences the obligations (the “2021 Taxable Obligations”) of the Oceano Community Services District (the “District”) under the 2021 Financing Agreement dated as of May 1, 2021 (the “Agreement”), by and between the District and First Foundation Public Finance Trust (the “Bank”), which is being executed and delivered by the District. The District for value received, hereby promises to pay to the registered owner named above, or registered assigns (the “Owner”), on the Maturity Date set forth above, unless prepaid prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount from the Closing Date set forth above, or from the most recent Payment Date (as hereinafter defined) to which interest has been paid or duly provided for. 2021 Taxable Obligation Payments (as defined in the Agreement) shall be payable semiannually on each Payment Date (as defined in the Agreement), calculated using the interest rate set forth above, until the principal amount hereof is paid in full or made provision for such payment has been made.

The District is authorized to enter into the Agreement and to issue this Note in the aggregate principal amount of \$ \_\_\_\_\_ pursuant to Resolution No. 2021-\_\_ (the “Resolution”), adopted by the Board of Directors of the District on April 28, 2021, and Section 53570 *et seq.* of the California Government Code (the “Bond Law”).

Reference is made to the Agreement for the complete provisions thereof, and by acceptance hereof the registered owner of this Note assents to said terms and conditions as if fully set forth herein. The Agreement is authorized under, and this Note is issued under, and both are to be construed in accordance with, the Bond Law and other laws of the State of California.

Pursuant to the Bond Law, the Resolution and the Agreement, the principal of and interest on this Note are payable from Net Revenues (as defined in the Agreement), and funds held under the Agreement. The District has agreed in the Agreement to collect Net Revenues sufficient to pay the payments on the 2021 Taxable Obligations and this Note when due.

This Note is subject to optional prepayment as set forth in the Agreement. This Note is also subject to extraordinary prepayment in accordance with the Agreement.

This Note shall be registered in the name of the Registered Owner hereof, as to both principal and interest. This Note may be transferred by the Registered Owner hereof as provided in the Agreement. Each registration and transfer of registration of this Note shall be entered by the District in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

The Agreement and the rights and obligations of the District thereunder may be modified or amended as set forth therein. The principal of this Note is subject to acceleration upon a default as prescribed in the Agreement.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the District that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Note, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, the District has caused this Note to be dated the Closing Date shown first above, to be signed by the manual or facsimile signature of its President or General Manager, and attested to by the manual or facsimile signature of its District Secretary, and has caused this Note to be dated as of the dated date set forth above.

OCEANO COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_  
Will Clemens, General Manager

ATTEST:

By: \_\_\_\_\_

**EXHIBIT C**

§ \_\_\_\_\_  
**OCEANO COMMUNITY SERVICES DISTRICT  
SERIES 2021 TAXABLE REVENUE OBLIGATIONS  
(CALPERS UAL PREPAYMENT PROJECT)**

**FORM OF REQUISITION  
FOR DISBURSEMENT OF COSTS OF ISSUANCE**

The undersigned, as an Authorized Representative (as defined below) of the Oceano Community Services District (the “District”), in connection with the above-captioned \$\_\_\_\_\_ aggregate principal amount of the Oceano Community Services District, Series 2021 Taxable Revenue Obligations (CalPERS UAL Prepayment Project) (the “2021 Taxable Obligations”). The 2021 Taxable Obligations were approved by the District pursuant to Resolution No. 2021-\_\_ (the “Resolution”), adopted by the Board of Directors of the District on April 28, 2021, 2021, and was executed and delivered pursuant to a 2021 Financing Agreement, dated as of May 1, 2021, by and between First Foundation Public Finance Trust (the “Bank”) and the District (the “Agreement”), does hereby certify on behalf of the District that:

(i) the undersigned is a duly Authorized Representative (as defined in the Agreement) with authority to act on behalf of the District as necessary in connection with execution and delivery of the 2021 Taxable Obligations, and as such, is authorized to disburse money for the payment of Costs of Issuance (the “Costs of Issuance”), which moneys have been set aside by the Bank for the purpose of paying the Costs of Issuance provided for in Section 3.2 of the Agreement (the “Costs of Issuance Funds”);

(ii) an obligation in the amount stated for each of the payees set forth on Attachment I, attached hereto and by this reference incorporated herein, has been properly incurred under and pursuant to the Agreement, and each such obligation is a proper charge against the Costs of Issuance Funds, and has not been the basis of any previous disbursement;

(iii) that pursuant to the Agreement, the Bank is hereby instructed to pay to the parties listed on Attachment I hereto the sum listed opposite such parties names as a payment for the items listed and the expenses incidental thereto on the date hereof from proceeds of the 2021 Taxable Obligations. These costs have been properly incurred, are each a proper charge under the Agreement and have not been the basis of any previous disbursements; and

(iv) all payments shall be made by check or wire transfer in accordance with payment instructions contained in Attachment I attached hereto, or in the invoice submitted in accordance herewith, and the Bank may rely on such payment instructions as though given by the District with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

Dated: May \_\_, 2021

OCEANO COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_  
Authorized Representative

ATTACHMENT I

Payee Name and Address

Purpose of Obligation

Amount



**EXHIBIT D**

**§ \_\_\_\_\_  
OCEANO COMMUNITY SERVICES DISTRICT  
SERIES 2021 TAXABLE REVENUE OBLIGATIONS  
(CALPERS UAL PREPAYMENT PROJECT)**

**FORM OF PURCHASER LETTER**

Oceano Community Services District  
Oceano, California

The Weist Law Firm  
Los Gatos, California

This letter (this “Purchaser Letter”) is to provide you with certain representations and agreements with respect to the above-referenced \$ \_\_\_\_\_ aggregate principal amount of the Oceano Community Services District, Series 2021 Taxable Revenue Obligations (CalPERS UAL Prepayment Project) (the “2021 Taxable Obligations”). The 2021 Taxable Obligations were approved by the District pursuant to Resolution No. 2021-\_\_ (the “Resolution”), adopted by the Board of Directors of the Oceano Community Services District (the “District”) on April 28, 2021, and were executed and delivered pursuant to a 2021 Financing Agreement, dated as of May 1, 2021, by and between First Foundation Public Finance Trust (the “Bank”) and the District (the “Agreement”). Capitalized terms not otherwise defined herein will have the meanings set forth in the Agreement.

We (the “undersigned,” “us” or “we,” as applicable) hereby represent and warrant to you and agree with you as follows:

(i) the Bank is duly organized, validly existing and in good standing under the laws of the United States of America and has the full legal right, power and authority to sign this Purchaser Letter;

(ii) the undersigned is a duly authorized, qualified, and acting officer of the Bank and is authorized to cause the Bank to make the representations and warranties contained herein on behalf of the Bank, and this Purchaser Letter has been duly authorized, executed, and delivered by the Bank;

(iii) the Bank has sufficient knowledge and experience in financial and business matters, including municipal and other tax-exempt obligations similar to the 2021 Taxable Obligations, to be able to evaluate the risks and merits of the obligation represented by the 2021 Taxable Obligations and is able to bear the economic risks of such obligation;

(iv) the Bank understands that the neither the 2021 Taxable Obligations nor the Agreement have been registered with any federal or state securities agency or commission; and further understands that the 2021 Taxable Obligations and the Agreement (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state; (b) will not be listed in any stock or other securities exchange; and (c) will not carry a rating from any rating service;

(v) we have made our own credit inquiry and analysis with respect to the District, the District's Water Enterprise and Wastewater Enterprise (collectively, the "Enterprises") and the 2021 Taxable Obligations, and the Bank acknowledges that it has either been supplied with or has been given access to information to which it as a reasonable banking institution has attached significance in making lending and investment decisions, and the Bank has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the legal, physical and fiscal condition of the District and the Enterprises, as well as the insurance, security and prepayment arrangements set forth in the Agreement and the 2021 Taxable Obligations, so that, as a lender and investor, the Bank has been able to make an informed decision to purchase the 2021 Taxable Obligations;

(vi) the Bank understands and acknowledges that no official statement, offering memorandum or any disclosure document has been prepared, nor is any contemplated to be prepared, and that there is no reserve fund required for the 2021 Taxable Obligations;

(vii) the Bank understands and acknowledges it is purchasing the 2021 Taxable Obligations on a private placement basis, and it is not intended that the transaction be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, and therefore the District has not undertaken, other than as provided in the Agreement, to provide to or for the benefit of holders of the 2021 Taxable Obligations financial or operating data or any other information with respect to the District, the Enterprise or the 2021 Taxable Obligations on an ongoing basis, other than as specifically set forth in the Agreement;

(viii) the Bank has made its own inquiry and analysis with respect to the 2021 Taxable Obligations and the security therefore, and other material factors affecting the security and payment of the 2021 Taxable Obligations;

(ix) the Bank is either:

(a) an "accredited investor" as such term is defined in Section 2(15) of the Securities Act of 1933, as amended (the "Securities Act"); or

(b) a "qualified institutional buyer" as such term is defined in Rule 144A promulgated under the Securities Act;

(x) the Bank is purchasing the 2021 Taxable Obligations for its own account and not with present view toward resale or distribution, and has not offered, offered to sell, offered for sale or sold any of the 2021 Taxable Obligations by means of any form of general solicitation or general advertising, and we are not an underwriter of the 2021 Taxable Obligations within the meaning of Section 2(11) of the Securities Act; *provided, however*, that the Bank reserves the right to sell, transfer, assign or redistribute the 2021 Taxable Obligations without the consent of the District in accordance with the Agreement and all applicable securities laws, but agrees that any such sale, transfer or redistribution by the Bank shall be:

(a) to any subsidiary of the Bank, any affiliate of the Bank, any entity arising out of any merger or consolidation of the Bank, or a trustee in bankruptcy of the Bank, as certified to the District by an officer of such transferee, but only to the extent allowable under the Securities Act;

(b) to any “accredited investor” (within the meaning of Section 2(15) of the 1933 Securities Act) or any “qualified institutional buyer” (within the meaning of Rule 144A promulgated under the Securities Act);

(c) to any bank, savings institution or insurance company (whether acting in a trustee or custodial capacity for any “accredited investor” as defined in clause (x), above, “qualified institutional buyer” as defined in clause (x), above, or on its own behalf as a “qualified institutional buyer” as defined in clause (x), above or an “accredited investor” as defined in clause (x), above), as certified to the District by an officer of such transferee; or

(d) to any trust or custodial arrangement each of the beneficial owners of which is required to be an “accredited investor” or “qualified institutional buyer” (as defined in clause (x), above);

(xi) the Bank recognizes that the 2021 Taxable Obligations involves significant risks, there is no established market for the 2021 Taxable Obligations and that none is likely to develop and, accordingly, the Bank is able and willing to bear the economic risk of the 2021 Taxable Obligations for an indefinite period of time;

(xii) the Bank further acknowledges that it is responsible for consulting with its advisors concerning any obligations, including, but not limited to, any obligations pursuant to federal and state securities and income tax laws it may have with respect to subsequent assignments or assignees of the 2021 Taxable Obligations if and when any such future disposition of the 2021 Taxable Obligations may occur;

(xiii) No person has made any direct or indirect representation or warranty of any kind to the Bank with respect to the economic return which may accrue to the Bank. The Bank has consulted with its own tax counsel and other advisors with respect to the 2021 Taxable Obligations;

(xiv) the Bank acknowledges that The Weist Law Firm (“Bond Counsel”) is acting as bond counsel to the District, that Bond Counsel has no attorney-client relationship with the Bank, and that the Bank has sought legal advice from its own counsel to the extent it concluded legal advice was necessary, and further that the Bank has not sought or relied upon financial advice from Bond counsel relating to its decision to purchase the 2021 Taxable Obligations; and

(xv) The Bank is not relying upon the District, Bond Counsel or any of their affiliates or employees for advice as to the merits and risks pertaining to the 2021 Taxable Obligations. The Bank has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision.

IN WITNESS WHEREOF, the undersigned has executed this Purchaser Letter as of the \_\_th day of \_\_\_\_\_, 20\_\_.

§ \_\_\_\_\_  
**OCEANO COMMUNITY SERVICES DISTRICT  
SERIES 2021 TAXABLE REVENUE OBLIGATIONS  
(CALPERS UAL PREPAYMENT PROJECT)**

**IRREVOCABLE PAYMENT INSTRUCTIONS**

These IRREVOCABLE PAYMENT INSTRUCTIONS (the “Instructions”) are dated as of May 1, 2021, and are given to FIRST FOUNDATION PUBLIC FINANCE TRUST (the “Bank”) by the OCEANO COMMUNITY SERVICES DISTRICT, a community services district, duly organized and validly existing under the laws of the State of California (the “District”);

**W I T N E S S E T H:**

**WHEREAS**, the District is obligated to the California State Public Employees’ Retirement System (“CalPERS”) under a certain contract, by and between the District and CalPERS, as amended from time to time (the “CalPERS Contract”), to make contributions to CalPERS in exchange for CalPERS providing retirement benefits for its retirees; and

**WHEREAS**, CalPERS determines, based on actuarial methods, a percentage rate of regular salary required to fund earned pension benefits, and if the total amount of accumulated contributions is less than the total forecasted cost of earned pension benefits, the difference represents an Unfunded Accrued Liability (the “UAL”); and

**WHEREAS**, to finance the prepayment of a designated portion of the UAL, the Board of Directors of the District (the “Board”) on April 28, 2021 adopted Resolution No. \_\_\_\_\_, pursuant to which the District authorized and directed the execution and delivery of its “Oceano Community Services District, Series 2021 Taxable Revenue Obligations (CalPERS UAL Prepayment Project),” as evidenced by a Promissory Note, dated May \_\_, 2021 (collectively, the “Obligations”); and

**WHEREAS**, the Obligations, in the amount of \$ \_\_\_\_\_ (the “Obligation Proceeds”), are being purchased by the Bank, in immediately available funds on May \_\_, 2021 (the “Closing Date”) pursuant to the 2021 Financing Agreement, dated as of May 1, 2021, by and between the Bank and the District (the “Financing Agreement”); and

**WHEREAS**, capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Financing Agreement; and

**WHEREAS**, on the Closing Date a portion of the Obligation Proceeds in the amount of (i) \$ \_\_\_\_\_ will be transferred by the Bank directly to CalPERS as a discretionary payment towards its Miscellaneous Plan (the “Miscellaneous Plan Proceeds”), and (ii) \$ \_\_\_\_\_ will be transferred by the Bank directly to CalPERS as a discretionary payment towards its Safety Plan (the “Safety Plan Proceeds”), all in accordance with these Instructions as well as Section 3.2 of the Financing Agreement, in satisfaction of a portion of the District’s presently outstanding obligations under the CalPERS Contract (collectively, the “Designated Proceeds”); and

WHEREAS, the District has full legal right, power, and authority to enter into and perform its duties under these Instructions; and

WHEREAS, the Bank acknowledges that these Instructions constitute irrevocable instructions by the District to apply the Designated Proceeds as set forth herein.

NOW, THEREFORE, in consideration of the above the District agrees as follows:

**Section 1. Transfer and Application of Miscellaneous Plan Proceeds.**

The Bank is hereby irrevocably instructed to wire the Miscellaneous Plan Proceeds in the amount of \$ \_\_\_\_\_ directly to CalPERS **on the morning of May \_\_, 2021**, in accordance with the instruction set forth in Exhibit A, which are summarized as follows:

WIRE INSTRUCTIONS:

ABA#0260-0959-3  
Bank of America Sacramento Main  
555 Capitol Mall, Suite 1555  
Sacramento, CA 95814  
For credit to State of CA, CalPERS  
Account # 01482-80005

Upon release of the wire, the District shall send an email to [FCSD\\_public\\_agency\\_wires@calpers.ca.gov](mailto:FCSD_public_agency_wires@calpers.ca.gov) as well as to \_\_\_\_\_ at \_\_\_\_\_@calpers.ca.gov and Sarah Greenwood at [Sarah.Greenwood@calpers.ca.gov](mailto:Sarah.Greenwood@calpers.ca.gov), notifying CalPERS that the discretionary payment of \$ \_\_\_\_\_ has been wired in accordance with the payoff letter provided by CalPERS, **and specifically requesting immediate confirmation of receipt of funds on the morning of May \_\_, 2021.**

The District acknowledges that it has no right, title or interest in or to the Miscellaneous Plan Proceeds, except as set forth herein. Under no circumstances shall the Miscellaneous Plan Proceeds be paid or delivered to or for the order of the District, except as set forth herein. The District hereby waives any rights that it may have to give alternative instructions as to the Miscellaneous Plan Proceeds.

**Section 2. Transfer and Application of Safety Plan Proceeds.**

The Bank is hereby irrevocably instructed to wire the Safety Plan Proceeds in the amount of \$ \_\_\_\_\_ directly to CalPERS **on the morning of May \_\_, 2021**, in accordance with the instruction set forth in Exhibit B, which are summarized as follows:

WIRE INSTRUCTIONS:

ABA#0260-0959-3  
Bank of America Sacramento Main  
555 Capitol Mall, Suite 1555  
Sacramento, CA 95814  
For credit to State of CA, CalPERS  
Account # 01482-80005

Upon release of the wire, the District shall send an email to [FCSD\\_public\\_agency\\_wires@calpers.ca.gov](mailto:FCSD_public_agency_wires@calpers.ca.gov) as well as to \_\_\_\_\_ at \_\_\_\_\_@calpers.ca.gov and Sarah Greenwood at [Sarah.Greenwood@calpers.ca.gov](mailto:Sarah.Greenwood@calpers.ca.gov), notifying CalPERS that the discretionary payment of \$\_\_\_\_\_ has been wired in accordance with the payoff letter provided by CalPERS, **and specifically requesting immediate confirmation of receipt of funds on the morning of May , 2021.**

The District acknowledges that it has no right, title or interest in or to the Safety Plan Proceeds, except as set forth herein. Under no circumstances shall the Safety Plan Proceeds be paid or delivered to or for the order of the District, except as set forth herein. The District hereby waives any rights that it may have to give alternative instructions as to the Safety Plan Proceeds.

**Section 3. Termination; Unclaimed Money.** These Instructions shall terminate when the Designated Proceeds have been transferred and received by the CalPERS, as provided herein.

**Section 4. Liabilities and Obligations of Bank.**

The Bank shall have no obligation to make any payment or disbursement of any type except from the Designated Proceeds, or from such other funds that the District may hereafter deposit, in strict accordance with these Instructions. The Bank shall have no obligation to incur any financial liability in the performance of its duties under these Instructions, and the Bank may rely and shall be fully protected in acting upon the written instructions of the District or its agents relating to any matter or action as Bank under these Instructions.

The Bank shall have only such duties as are expressly set forth herein and no implied duties shall be read into these Instructions against the Bank. The Bank shall not be liable for any act or omission of the District under these Instructions. The Bank shall not be liable for the accuracy of any calculations as to the sufficiency of moneys deposited with it with respect to the Designated Proceeds.

The Bank shall have no liability or obligation to CalPERS or any other person or entity with respect to the payment of debt service by the District or with respect to the observance or performance by the District of the other conditions, covenants and terms contained in the CalPERS Contract, or with respect to the investment of any moneys in any fund or account established, held or maintained by the District pursuant to the CalPERS Contract.

The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on any certificate or opinion furnished to it in accordance with these Instructions.

**Section 5. Governing Law.** These Instructions shall be governed by and construed in accordance with the laws of the State of California.

**Section 6. Notices.** Notices hereunder shall be made in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to an express carrier, charges prepaid, addressed to each party at its address below:

If to the District:                    Oceano Community Services District  
                                                  1655 Front Street  
                                                  Oceano, CA. 93475  
                                                  Attention: General Manager  
                                                  Phone: (831) 637-8218

If to the Bank: First Foundation Public Finance Trust  
2233 Douglas Boulevard, Suite 300  
Roseville, California 95661  
Attention: Trevor Mael  
Phone: (916) 724-2423

**Section 7. Counterparts.** These Instructions may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same Instructions.

*[Signature Page to Follow on Next Page]*

IN WITNESS WHEREOF, the District has each executed these Irrevocable Payment Instructions as of the date first above written.

OCEANO COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_  
Will Clemens, General Manager

Acknowledged and Agreed:

FIRST FOUNDATION PUBLIC FINANCE TRUST

By: \_\_\_\_\_  
Authorized Officer



**EXHIBIT A**

**WIRE INSTRUCTIONS PERTAINING TO THE MISCELLANEOUS PLAN PROCEEDS**

[Attached]

**EXHIBIT B**

**WIRE INSTRUCTIONS PERTAINING TO THE SAFETY PLAN PROCEEDS**

[Attached]



# Oceano Community Services District

## Summary of Financing Options – UAL Refunding

APRIL 28, 2021





# Request for Proposals Process

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- January 27 – Received direction from Board to pursue UAL refunding
- April 1 – Distributed the Request for Proposals (RTF) to seventeen (17) banks
- April 2-16 – Outreach to banks on RFP
- April 19 – RFP bids due
- April 19-23 – Review and assess bids with CalMuni and Weist Law Firm
- April 28 – Present bids to Board and receive direction
- April 29 – Notify selected bidder and sign term sheet



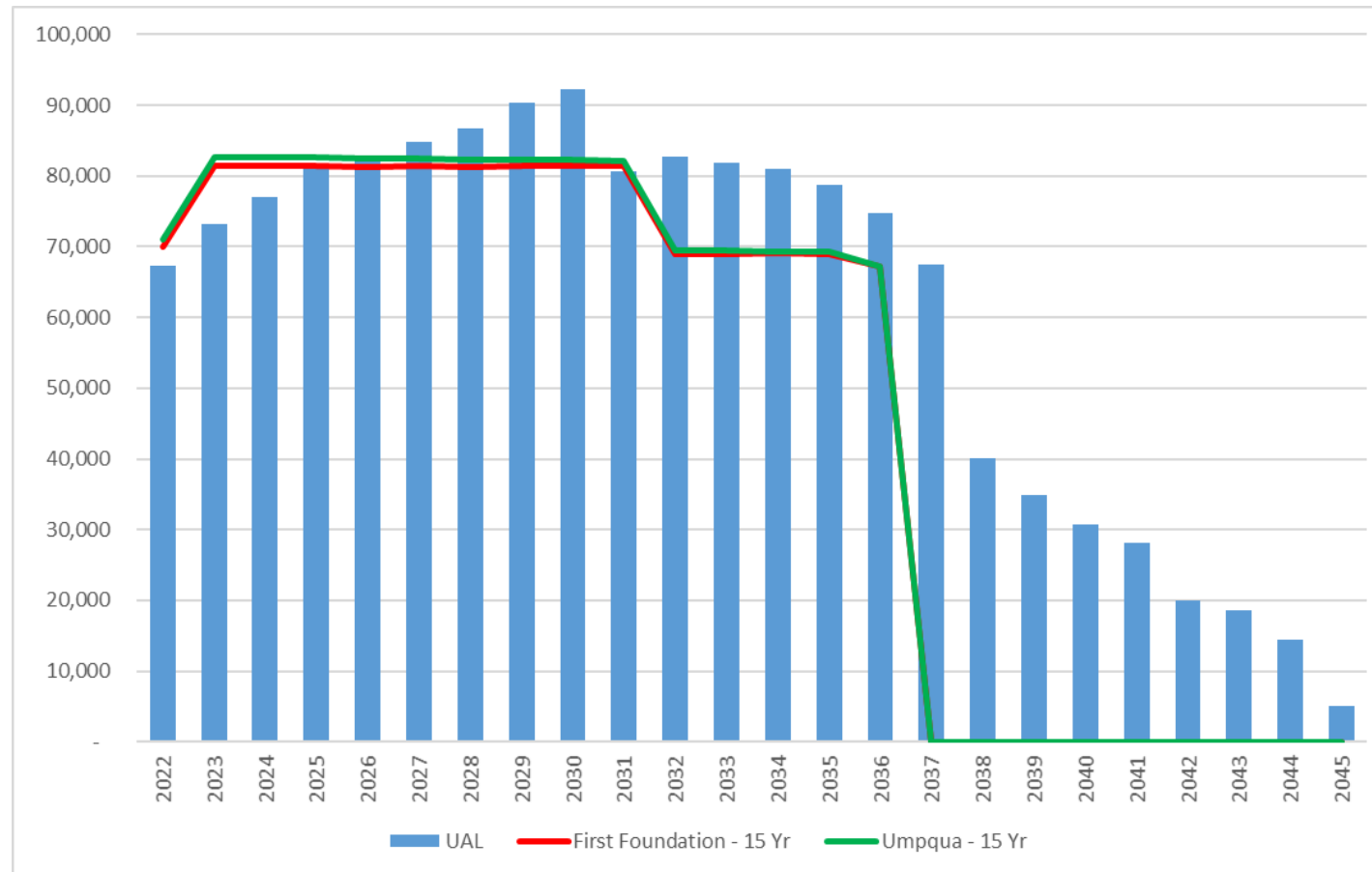
# Summary of Financing Options

Description	Term	Interest Rate	Annual Cost - Years 1-10		Cash Flow Savings [1]		
			Min	Max	Years 1-15	Years 16-25	Total
Current CalPERS	25 years	7.00%	\$67,200	\$92,300			
First Foundation Bank	15 years	3.46%	\$67,100	\$81,500	\$69,500	\$259,200	\$328,700
Umpqua Bank	15 years	3.59%	\$67,300	\$82,700	\$57,600	\$259,200	\$316,800

[1] Cash flow savings are shown after the costs of issuance  
All numbers rounded to nearest thousand or hundred



# Financing Options - Graph





# Financing Options – Other Considerations

Bank Name	15-year Term		Rate Lock	Collateral Structure	Other Requirements
	Interest Rate	Prepayment Options			
First Foundation Bank	3.46%	Years 1-2: 3%, 3-4: 2%, 5-6: 1%, 7+: 0%	60 days	Net revenue pledge	1.25x DSCR; \$10K legal fee
Umpqua Bank	3.59%	Years 1-5: 3%, 6-10: 2%, 11-15: 1%	3 weeks	Net revenue pledge	1.20x DSCR; \$12.5K legal fee



# Questions?

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Dmitry Semenov

California Municipal Advisors LLC

(916) 257-5789

dsemenov@calmuniadvisors.com

Cameron Weist

The Weist Law Firm

(831) 438-7900

cameron@weistlaw.com





April 19, 2021

RE: **Oceano Community Services District  
2021 UAL Financing**

Based upon your request and preliminary review of the information provided to-date, First Foundation Public Finance (“FFPF”) would like express its interest in underwriting and obtaining credit approval for the following Credit Facility to the Oceano Community Services District, CA (“Borrower”) based on the terms outlined below. This Letter is provided by First Foundation Public Finance for discussion purposes only. *It is not intended to be binding, does not create any obligation on the part of First Foundation Public Finance to Sponsor or any third party, and is not a commitment to lend or agreement of any kind. No obligation whatsoever on the part of First Foundation Public Finance shall arise until execution and delivery of a formal commitment or loan documentation by a duly authorized officer of First Foundation Public Finance, which obligation shall be subject to all of the conditions contained therein.*

The proposed loan conditions are:

- STRUCTURE:** Term
- PURPOSE:** Prepay all of the outstanding Miscellaneous and Safety Unfunded Actuarial Liability with CALPERS
- MAX. LOAN AMT:** \$1,000,000
- INTEREST RATE:** Taxable: 3.46%
- RATE LOCK:** The Rate will be locked for a period of 60-days prior to dosing. If the Credit Facility fails to dose within this period, FFPF reserves the right to adjust the rate.
- TERM:** 15-years
- REPAYMENT:** Semi-annual principal and interest payments
- AVERAGE LIFE:** 7.57-years
- PRE-PAYMENT:** Repayable at 103% of par in years 1-2, decreasing to 102% in years 3-4, and 101% in years 5-6. Redeemable at par beginning in year 7 and thereafter.
- COLLATERAL:** Net revenue pledge of the water system and wastewater system
- COVENANTS:** 1.25x debt service coverage of each respective enterprise system’s allocable share of debt service

**ADDITIONAL TERMS:** Documents to be prepared by the Borrower’s Bond Counsel for review by FFPF’s counsel Nixon Peabody, LLP. Legal fees and expenses of Nixon Peabody, LLP should not exceed \$10,000. All other filing fees and related fees shall be paid by the Borrower in connection with the issuance (including applicable CDIAAC fees).

Periodic financial and collateral reporting by the Borrower, as well as representations and warranties of the Borrower regarding its status and ability to repay, taxability gross-up and covenants and conditions that are appropriate for a Credit Facility of the scope and nature proposed above will be determined as part of FFPF’s underwriting and credit approval process.

PDF’s of all executed and other documents listed on the Closing Index shall be provided to FFPF no later than 24 hours before the time of the requested wire; provided, that if any documents can only be signed after receipt of the wire, those documents shall be provided immediately after receipt of the wire.

In an event of default, a default rate equal to the Interest Rate + 3.00% will be required.

Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant’s income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Deposit Insurance Corporation, Consumer Response Center, 1100 Walnut Street, Box #11, Kansas City, MO 64106.

Sources and Uses of Funds  
 Oceano Community Services District  
 2021 UAL Refunding - First Foundation Bank  
 Direct Placement  
 Preliminary Numbers

Dated Date: 5/27/2021  
 Delivery Date: 5/27/2021

Sources:

Bond Proceeds:	
Par Amount	910,000.00
	<u>910,000.00</u>

Uses:

Misc Plan UAL Payoff	741,028.00
Safety Plan UAL Payoff	93,102.00

Delivery Date Expenses:

Cost of Issuance	75,227.50
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Other Uses of Funds:

Additional Proceeds	642.50
	<u>910,000.00</u>

Bond Summary Statistics  
 Oceano Community Services District  
 2021 UAL Refunding - First Foundation Bank  
 Direct Placement  
 Preliminary Numbers

Dated Date	5/27/2021
Delivery Date	5/27/2021
Last Maturity	8/1/2035
Arbitrage Yield	3.46%
True Interest Cost (TIC)	3.46%
Net Interest Cost (NIC)	3.46%
All-In TIC	4.55%
Average Coupon	3.46%
Average Life (years)	7.490
Weighted Average Maturity (years)	7.490
Par Amount	910,000.00
Bond Proceeds	910,000.00
Total Interest	235,832.83
Net Interest	235,832.83
Total Debt Service	1,145,832.83
Maximum Annual Debt Service	81,510.00
Average Annual Debt Service	76,388.86

	TIC	All-In TIC	Arbitrage Yield
	-----	-----	-----
Par Value	910,000.00	910,000.00	910,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		(75,227.50)	
- Other Amounts		642.50	
	-----	-----	-----
Target Value	910,000.00	835,415.00	910,000.00
Target Date	5/27/2021	5/27/2021	5/27/2021
Yield	3.460000%	4.554267%	3.460000%

Bond Debt Service  
 Oceano Community Services District  
 2021 UAL Refunding - First Foundation Bank  
 Direct Placement  
 Preliminary Numbers

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
8/1/2021	49,500.00	3.46%	5,597.51	55,097.51	
2/1/2022	0.00	3.46%	14,886.65	14,886.65	69,984.16
8/1/2022	52,500.00	3.46%	14,886.65	67,386.65	
2/1/2023	0.00	3.46%	13,978.40	13,978.40	81,365.05
8/1/2023	54,400.00	3.46%	13,978.40	68,378.40	
2/1/2024	0.00	3.46%	13,037.28	13,037.28	81,415.68
8/1/2024	56,300.00	3.46%	13,037.28	69,337.28	
2/1/2025	0.00	3.46%	12,063.29	12,063.29	81,400.57
8/1/2025	58,200.00	3.46%	12,063.29	70,263.29	
2/1/2026	0.00	3.46%	11,056.43	11,056.43	81,319.72
8/1/2026	60,300.00	3.46%	11,056.43	71,356.43	
2/1/2027	0.00	3.46%	10,013.24	10,013.24	81,369.67
8/1/2027	62,400.00	3.46%	10,013.24	72,413.24	
2/1/2028	0.00	3.46%	8,933.72	8,933.72	81,346.96
8/1/2028	64,700.00	3.46%	8,933.72	73,633.72	
2/1/2029	0.00	3.46%	7,814.41	7,814.41	81,448.13
8/1/2029	67,000.00	3.46%	7,814.41	74,814.41	
2/1/2030	0.00	3.46%	6,655.31	6,655.31	81,469.72
8/1/2030	69,400.00	3.46%	6,655.31	76,055.31	
2/1/2031	0.00	3.46%	5,454.69	5,454.69	81,510.00
8/1/2031	59,100.00	3.46%	5,454.69	64,554.69	
2/1/2032	0.00	3.46%	4,432.26	4,432.26	68,986.95
8/1/2032	61,200.00	3.46%	4,432.26	65,632.26	
2/1/2033	0.00	3.46%	3,373.50	3,373.50	69,005.76
8/1/2033	63,400.00	3.46%	3,373.50	66,773.50	
2/1/2034	0.00	3.46%	2,276.68	2,276.68	69,050.18
8/1/2034	65,600.00	3.46%	2,276.68	67,876.68	
2/1/2035	0.00	3.46%	1,141.80	1,141.80	69,018.48
8/1/2035	66,000.00	3.46%	1,141.80	67,141.80	
	910,000.00		235,832.83	1,145,832.83	1,145,832.83

Bond Debt Service  
 Oceano Community Services District  
 2021 UAL Refunding - First Foundation Bank  
 Direct Placement  
 Preliminary Numbers

Period Ending	Principal	Coupon	Interest	Debt Service
2/1/2022	49,500.00	3.460%	20,484.16	69,984.16
2/1/2023	52,500.00	3.460%	28,865.05	81,365.05
2/1/2024	54,400.00	3.460%	27,015.68	81,415.68
2/1/2025	56,300.00	3.460%	25,100.57	81,400.57
2/1/2026	58,200.00	3.460%	23,119.72	81,319.72
2/1/2027	60,300.00	3.460%	21,069.67	81,369.67
2/1/2028	62,400.00	3.460%	18,946.96	81,346.96
2/1/2029	64,700.00	3.460%	16,748.13	81,448.13
2/1/2030	67,000.00	3.460%	14,469.72	81,469.72
2/1/2031	69,400.00	3.460%	12,110.00	81,510.00
2/1/2032	59,100.00	3.460%	9,886.95	68,986.95
2/1/2033	61,200.00	3.460%	7,805.76	69,005.76
2/1/2034	63,400.00	3.460%	5,650.18	69,050.18
2/1/2035	65,600.00	3.460%	3,418.48	69,018.48
2/1/2036	66,000.00	3.460%	1,141.80	67,141.80
	910,000.00		235,832.83	1,145,832.83

Cost of Issuance  
Oceano Community Services District  
2021 UAL Refunding - First Foundation Bank  
Direct Placement  
Preliminary Numbers

Cost of Issuance	Amount
Municipal Advisor	30,000.00
Bond Counsel & Expenses	35,000.00
Bank Counsel	10,000.00
CDIAC	227.50
	<u>75,227.50</u>



## **Oceano Community Services District Series 2021, Taxable Enterprise Revenue Obligation Term Sheet 4.16.2021**

Umpqua Bank (“Umpqua”) would like to express its interest in underwriting and obtaining credit approval for the following loan (the “Credit Facility”) for the Oceano Community Services District (the “District”) on the terms and conditions outlined below.

**Preface:** Umpqua’s expression of interest in underwriting and obtaining credit approval for the Credit Facility is for discussion purposes only and does not constitute a commitment from Umpqua. Any commitment to lend that we might make is subject to the fulfillment of a number of conditions that include, but are not limited to, our normal credit approval process, an in-depth investigation of the purpose of the loan, the District, and collateral the results of which are deemed satisfactory to Umpqua in our sole discretion.

**Confidentiality:** Except as required by law, neither this expression of interest nor its contents will be disclosed publicly or privately except to those individuals who are your officers, employees or advisors who have a need to know as a result of being involved in the proposed financing. The foregoing confidentiality provisions shall not apply to the disclosure of the federal income tax structure or treatment of the proposed financing.

Loan Amount:	Approximately <b>\$900,000</b>
Structure/Security:	Taxable Enterprise Revenue Pledge - The District pledges the Revenues of its Water & Wastewater System as the source of repayment on the financing.
Loan Fee:	\$0.00
Repayment Terms:	Interest on the funding will be payable semiannually on June 1 and December 1, commencing December 1, 2021.
Term:	15-years
Interest Rate:	Indicative Taxable fixed rate: <b>3.59%</b>
Relationship Discount:	Not required
Rate Lock:	3-weeks prior to closing.
Costs of Issuance:	Documents to be reviewed by the Umpqua Bank’s counsel Rudy Salo – Nixon Peabody, LLP; provided that any tax opinion and documents shall be prepared by the District’s Counsel. Legal fees and related fees for Nixon Peabody, LLP are \$ 12,500 at closing.
Reporting:	The District shall make its audited annual financial statements available on the District’s website or the Electronic Municipal Market Access system (“EMMA”) within 270 days after the end of each fiscal year. If not otherwise available publicly on District’s website or EMMA, the District shall provide Bank its audited annual financial statements within 270 days after the end of each fiscal year. However, if the District’s audited annual financial statements are not available within 270 days after the end of a fiscal year, the District shall file its unaudited annual financial statements for that fiscal year with the Bank not later than 270 days after the end of that fiscal year and shall make the audited annual financial statements for that fiscal year available on the District’s website or EMMA promptly after the audited annual financial statements become available.

**Vanessa Ryan**  
SVP/ Municipal Banking  
Tel: 916.724-1214  
Email: vanessaryan@umpquabank.com

**Dean Stephens**  
SVP/ Municipal Banking Director  
Tel: 916.774-3923  
Email: deanstephens@umpquabank.com



The District shall make each of its annual budgets, and all amendments thereto, available on the District's website or EMMA within 90 days after such budget is adopted or amended. So long as not otherwise available publicly on the District's website or EMMA, the District shall provide the Bank with such annual budget or amendment for the succeeding fiscal year within 90 days after such budget is adopted or amended.

The District shall provide the Bank with such additional information as the Bank may reasonably request to the extent permitted by law.

Closing Date: May 31, 2021

Proposed Covenants: The District will covenant to fix, prescribe, and collect rates, fees and charges of the District's Water System which will be at least sufficient to yield during each fiscal year Net Revenues equal to 120% of the debt payments.

Prepayment Provision: Prepayable at 103% of par in years 1-5, declining to 102% in years 6-10, and 101% in years 11-15.

**Additional Conditions**

Periodic financial and collateral reporting by the District, as well as representations and warranties of the District regarding its status and ability to repay and related matters, covenants and conditions that are appropriate for a Credit Facility of the scope and nature proposed herein will be determined as part of Umpqua Bank's normal underwriting and approval process. The proposed facility will be subject to a default rate equal to the proposed interest rate + 3.0%.

PDFs of all executed and other documents listed on the Closing Index shall be provided to the Bank no later than 24 hours before the time of the requested wire; provided, that if any documents can only be signed after receipt of the wire those documents shall be provided immediately after receipt of the wire

Sincerely,

A handwritten signature in cursive script that reads "Vanessa Ryan".

Vanessa Ryan  
SVP, Corporate Relationship Manager  
Municipal Banking Division

Please pursue underwriting and approval of a commitment for the described Credit Facility.

**Borrower**

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_



Sources and Uses of Funds  
 Oceano Community Services District  
 2021 UAL Refunding - Umpqua Bank  
 Direct Placement  
 Preliminary Numbers

Dated Date: 5/27/2021  
 Delivery Date: 5/27/2021

Sources:

Bond Proceeds:	
Par Amount	912,500.00
	<u>912,500.00</u>

Uses:

Misc Plan UAL Payoff	741,028.00
Safety Plan UAL Payoff	93,102.00

Delivery Date Expenses:

Cost of Issuance	77,728.13
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Other Uses of Funds:

Additional Proceeds	641.88
	<u>912,500.00</u>

Bond Summary Statistics  
 Oceano Community Services District  
 2021 UAL Refunding - Umpqua Bank  
 Direct Placement  
 Preliminary Numbers

Dated Date	5/27/2021
Delivery Date	5/27/2021
Last Maturity	8/1/2035
Arbitrage Yield	3.59%
True Interest Cost (TIC)	3.59%
Net Interest Cost (NIC)	3.59%
All-In TIC	4.72%
Average Coupon	3.59%
Average Life (years)	7.486
Weighted Average Maturity (years)	7.486
Par Amount	912,500.00
Bond Proceeds	912,500.00
Total Interest	245,248.06
Net Interest	245,248.06
Total Debt Service	1,157,748.06
Maximum Annual Debt Service	82,728.56
Average Annual Debt Service	77,183.20

	TIC	All-In TIC	Arbitrage Yield
	-----	-----	-----
Par Value	912,500.00	912,500.00	912,500.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		(77,728.13)	
- Other Amounts		641.88	
	-----	-----	-----
Target Value	912,500.00	835,413.75	912,500.00
Target Date	5/27/2021	5/27/2021	5/27/2021
Yield	3.590000%	4.718407%	3.590000%

Bond Debt Service  
Oceano Community Services District  
2021 UAL Refunding - Umpqua Bank  
Direct Placement  
Preliminary Numbers

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
8/1/2021	49,700.00	3.59%	5,823.78	55,523.78	
2/1/2022	0.00	3.59%	15,487.26	15,487.26	71,011.04
8/1/2022	52,700.00	3.59%	15,487.26	68,187.26	
2/1/2023	0.00	3.59%	14,541.30	14,541.30	82,728.56
8/1/2023	54,600.00	3.59%	14,541.30	69,141.30	
2/1/2024	0.00	3.59%	13,561.23	13,561.23	82,702.52
8/1/2024	56,500.00	3.59%	13,561.23	70,061.23	
2/1/2025	0.00	3.59%	12,547.05	12,547.05	82,608.28
8/1/2025	58,400.00	3.59%	12,547.05	70,947.05	
2/1/2026	0.00	3.59%	11,498.77	11,498.77	82,445.82
8/1/2026	60,500.00	3.59%	11,498.77	71,998.77	
2/1/2027	0.00	3.59%	10,412.80	10,412.80	82,411.57
8/1/2027	62,600.00	3.59%	10,412.80	73,012.80	
2/1/2028	0.00	3.59%	9,289.13	9,289.13	82,301.92
8/1/2028	64,900.00	3.59%	9,289.13	74,189.13	
2/1/2029	0.00	3.59%	8,124.17	8,124.17	82,313.30
8/1/2029	67,200.00	3.59%	8,124.17	75,324.17	
2/1/2030	0.00	3.59%	6,917.93	6,917.93	82,242.10
8/1/2030	69,600.00	3.59%	6,917.93	76,517.93	
2/1/2031	0.00	3.59%	5,668.61	5,668.61	82,186.54
8/1/2031	59,200.00	3.59%	5,668.61	64,868.61	
2/1/2032	0.00	3.59%	4,605.97	4,605.97	69,474.58
8/1/2032	61,300.00	3.59%	4,605.97	65,905.97	
2/1/2033	0.00	3.59%	3,505.64	3,505.64	69,411.61
8/1/2033	63,500.00	3.59%	3,505.64	67,005.64	
2/1/2034	0.00	3.59%	2,365.81	2,365.81	69,371.45
8/1/2034	65,700.00	3.59%	2,365.81	68,065.81	
2/1/2035	0.00	3.59%	1,186.50	1,186.50	69,252.31
8/1/2035	66,100.00	3.59%	1,186.50	67,286.50	67,286.50
	912,500.00		245,248.06	1,157,748.06	1,157,748.06

Bond Debt Service  
 Oceano Community Services District  
 2021 UAL Refunding - Umpqua Bank  
 Direct Placement  
 Preliminary Numbers

Period Ending	Principal	Coupon	Interest	Debt Service
2/1/2022	49,700.00	3.590%	21,311.04	71,011.04
2/1/2023	52,700.00	3.590%	30,028.56	82,728.56
2/1/2024	54,600.00	3.590%	28,102.52	82,702.52
2/1/2025	56,500.00	3.590%	26,108.28	82,608.28
2/1/2026	58,400.00	3.590%	24,045.82	82,445.82
2/1/2027	60,500.00	3.590%	21,911.57	82,411.57
2/1/2028	62,600.00	3.590%	19,701.92	82,301.92
2/1/2029	64,900.00	3.590%	17,413.30	82,313.30
2/1/2030	67,200.00	3.590%	15,042.10	82,242.10
2/1/2031	69,600.00	3.590%	12,586.54	82,186.54
2/1/2032	59,200.00	3.590%	10,274.58	69,474.58
2/1/2033	61,300.00	3.590%	8,111.61	69,411.61
2/1/2034	63,500.00	3.590%	5,871.45	69,371.45
2/1/2035	65,700.00	3.590%	3,552.31	69,252.31
2/1/2036	66,100.00	3.590%	1,186.50	67,286.50
	912,500.00		245,248.06	1,157,748.06

Cost of Issuance  
Oceano Community Services District  
2021 UAL Refunding - Umpqua Bank  
Direct Placement  
Preliminary Numbers

Cost of Issuance	Amount
Municipal Advisor	30,000.00
Bond Counsel & Expenses	35,000.00
Bank Counsel	12,500.00
CDIAC	228.13
	<u>77,728.13</u>



# Oceano Community Services District

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

(805) 481-6730 FAX (805) 481-6836

**Date:** April 28, 2021

**To:** Board of Directors

**From:** Carey Casciola, Business and Accounting Manager

**Subject:** **Agenda Item #8(B): Review of the District's Budget Status as of March 31, 2021**

## Recommendation

It is recommended that your Board review and discuss the District's budget status as of March 31, 2021.

## Discussion

The attached worksheets have been prepared for your review of the status of this year's budget and they have been designed to include the following:

- ✓ Current fiscal year actual revenues and expenditures as of March 31, 2021
- ✓ Current percentage of adopted budget
- ✓ Current fiscal year adopted budget

In reviewing the worksheets, items of significance can be identified. The column containing the percent of the 2020-21 budget utilized in the third quarter of fiscal year 2020-21 illustrates that revenues and costs are on track to remain within budget for all the funds and no budget adjustments are needed at this time.

### Expenditures:

There are several expenses that are front loaded and paid at the beginning of each fiscal year. The budget worksheets indicate that the District has spent more than 75% of the overall budget for these items. The worksheets also show that the year-end cost estimate is within budget.

The front-loaded expenses are as follows:

1. Water Supply from Lopez and State Water
2. CalPERS Unfunded Accrued Liability (UAL) for the Miscellaneous and Safety Plan members
3. Local Agency Formation Commission Expense (LAFCO)
4. Liability Insurance
5. Membership Expense (California Rural Water Association and California Special Districts Association)
6. Boot Allowance Expense
7. Annual Software Maintenance
8. Regulatory Permits – State Water Resource Control Board



# Oceano Community Services District

Board of Directors Meeting

Other expenses appear to be running high in the General and Water Fund, but are expected to level out during the fiscal year, including the following:

### Administrative Fund

1. Election Expense –the March 2020 election where Measure A-20 was considered was invoiced by the County Clerk Recorder’s office this fiscal year with the November 2020 election costs. There are sufficient savings in the Admin fund to cover the FY 2019-20 costs that were not encumbered.

Budget: \$5,500	Expensed @ 3/31: \$22,845 (415%)	Estimate - Year End: \$ 22,845	Over: \$17,345
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### Facilities Fund

2. Maintenance on Structures/ Improvements –light fixtures were repaired on the outside of the Administration building during the third quarter.

Budget: \$2,125	Expensed @ 3/31: \$2,125 (100%)	Estimate - Year End: \$ 2,834	Over: \$709
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### Water Fund

3. Paving Expense – during the first three quarters waterlines and valves were repaired that required paving and slurry.

Budget: \$1,300	Expensed @ 3/31: \$2,183 (168%)	Estimate - Year End: \$ 2,910	Over: \$1,610
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4. Water Meter Expense – each year the utilities staff replaces old meters as a part of the meter replacement program.

Budget: \$21,630	Expensed @ 3/31: \$19,738 (91%)	Estimate - Year End: \$ 21,630	Over/Under: -0-
---------------------	------------------------------------	-----------------------------------	--------------------

5. CIP – Overlay – The County of San Luis Obispo performed an overlay project and the District brought valves and wastewater utilities in the system up to grade. These costs were not budgeted but both the water and wastewater funds have significant savings at this time and do not require a budget adjustment.



# Oceano Community Services District

Board of Directors Meeting

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Water Budget: \$0	Expensed @ 3/31: \$25,200	Estimate - Year End: \$25,200	Over: \$25,200
Wastewater Budget: \$0	\$16,500	\$16,500	\$16,500

## Revenues:

Property Tax revenues appear to be higher than the budgeted income for the third quarter. This is a result from the timing of the March 31<sup>st</sup> review. Every year about 60% of property taxes are paid in December with the remaining expected to come in April. This is consistent with previous years based on the County's collection system.

All revenue in the Water and Wastewater are tracking with the budget since five of the six billing periods have been recorded and the last two cycles have been at the new rate schedule adopted October 2020. The only revenue item falling short are delinquent utility billing fees since the District continues to waive late fees for customers once they pay their utility bills. When reviewing the Water Revenues by line item the sales appear high (103%) under "Sales: Residential" and low under "Sale: Lopez" since the new rate schedule collects the base rate and both tiers into the same revenue code, while before the per unit consumption for Lopez was broken out into the "Sales: Lopez" revenue code. Going forward to the 2021-2021 Fiscal Year Budget the revenues will be budgeted to line up with the new rate schedule. A more detailed revenue comparison between the targeted revenue and the actual are attached from 2015 to March 2021.

Closely monitoring the budget in a conservative manner will help ensure remaining within budget. The fourth quarter results, as of June 30, 2021, is scheduled to be provided to your Board in July 2021.

## **Other Agency Involvement**

N/A

## **Other Financial Considerations**

The new water rates approved at the October 14<sup>th</sup> public hearing have been in effect for the past two billing cycles. The water rates will be phased in over the next five years.

## **Results**

Establishing good budget monitoring procedures will help ensure that the District's costs are managed in a financially prudent manner and promotes a prosperous and well governed community.

Attachments: Budget Worksheets  
Water Revenue Data





# GENERAL FUND





**OCEANO COMMUNITY SERVICES DISTRICT  
GENERAL FUND - QUARTER 3 REVIEW  
SUMMARY**

ACCOUNT NO.	GENERAL FUND (GF)	FINAL BUDGET FY 2020/21	2020/21 APPROVED ADJUSTMENTS	2020/21 APPROVED BUDGET	ACTUAL AT 3/31/2021	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE
<b>SOURCES OF FUNDS</b>							
	Fire	\$0	\$0	\$0	\$0	0%	\$0
	Lighting	\$0	\$0	\$0	\$0	0%	\$0
	Facilities	\$157,486	\$0	\$157,486	\$108,264	69%	(\$664)
	Admin	\$2,244,810	\$0	\$2,244,810	\$1,624,283	72%	(\$136,326)
	<b>Total Sources of Funds</b>	<b>\$2,402,296</b>	<b>\$0</b>	<b>\$2,402,296</b>	<b>\$1,732,546</b>	<b>72%</b>	<b>(\$136,990)</b>
<b>USES OF FUNDS</b>							
	Fire	\$1,186,861	\$0	\$1,186,861	\$888,605	75%	\$1,179,228
	Lighting	\$42,961	\$0	\$42,961	\$28,552	66%	\$37,529
	Facilities	\$33,127	\$10,900	\$44,027	\$31,248	71%	\$6,809
	Admin	\$1,147,589	\$0	\$1,147,589	\$771,017	67%	\$993,879
	<b>Total Expenditures</b>	<b>\$2,410,538</b>	<b>\$10,900</b>	<b>\$2,421,438</b>	<b>\$1,719,422</b>	<b>71%</b>	<b>\$2,247,854</b>
	<b>OPERATING SURPLUS/(DEFICIT)</b>						
	Fire	(\$1,186,861)	\$0	(\$1,186,861)	(\$888,605)		(\$1,179,228)
	Lighting	(\$42,961)	\$0	(\$42,961)	(\$28,552)		(\$37,529)
	Facilities	\$124,359	(\$10,900)	\$113,459	\$77,015		\$119,604
	Admin	\$1,097,221	\$0	\$1,097,221	\$853,265		\$1,114,605
	<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>(\$8,243)</b>	<b>(\$10,900)</b>	<b>(\$19,143)</b>	<b>\$13,124</b>		<b>\$17,452</b>
<b>TRANSFERS &amp; ENCUMBRANCES</b>							
	Transfers In - From Water Fund	31,500		31,500			31,500
	(Transfers Out) - To Wastewater	(113,940)		(113,940)			(113,940)
	Encumbrances - Sources of Funding	0		0			0
	Encumbrances - (Designated Funds)	(645)		(645)			(645)
	<b>NET TRANSFERS &amp; ENCUMBRANCES</b>	<b>(\$83,085)</b>	<b>\$0</b>	<b>(\$83,085)</b>	<b>\$0</b>		<b>(\$83,085)</b>



# ADMINISTRATIVE BUDGET





**OCEANO COMMUNITY SERVICES DISTRICT  
 FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
 ADMINISTRATIVE DEPARTMENT - GENERAL FUND - 01**

ACCOUNT NO.	GENERAL FUND (GF) ADMINISTRATIVE DEPARTMENT - 01	FINAL BUDGET FY 2020/21	ACTUAL AT 3/31/2021	75%	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE
<b>SOURCES OF FUNDS</b>						
	Revenues	\$1,097,220	\$853,265	78%	\$1,114,605	\$17,385
	Other Sources of Funds	\$1,147,590	\$771,017	67%	\$993,879	(\$153,711)
	<b>Total Sources of Funds</b>	<b>\$2,244,810</b>	<b>\$1,624,283</b>	<b>72%</b>	<b>\$2,108,484</b>	<b>(\$136,326)</b>
<b>USES OF FUNDS</b>						
	Salaries & Wages	\$434,500	\$302,808	70%	\$403,743	\$30,757
	Benefits	\$190,520	\$159,572	84%	\$196,130	(\$5,610)
	Personnel Services	\$625,020	\$462,379	74%	\$599,873	\$25,147
	Services & Supplies	\$300,585	\$186,210	62%	\$220,341	\$80,243
	Operating Crew Benefits Allocation	\$221,985	\$122,428	55%	\$173,664	\$48,320
	Administrative Cost	\$0	\$0	0%	\$0	\$0
	<b>Total Expenditures</b>	<b>\$1,147,589</b>	<b>\$771,017</b>	<b>67%</b>	<b>\$993,879</b>	<b>\$153,710</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>\$1,097,221</b>	<b>\$853,265</b>		<b>\$1,114,605</b>	<b>\$17,384</b>
<b>TRANSFERS &amp; ENCUMBRANCES</b>						
	Transfers In - From Facilities Fund	123,738	0		123,738	0
	(Transfers Out) - Fire & Lighting	(1,230,467)	(917,157)		(1,217,402)	(13,065)
	Encumbrances - Sources of Funding	0	0		0	0
	Encumbrances - (Designated Funds)	0	0		0	0
<b>NET TRANSFERS &amp; ENCUMBRANCES</b>		<b>(\$1,106,729)</b>	<b>(\$917,157)</b>		<b>(\$1,093,664)</b>	<b>(\$13,065)</b>



**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
ADMINISTRATIVE DEPARTMENT - GENERAL FUND - 01**

ACCOUNT NO.	GENERAL FUND (GF) ADMINISTRATIVE DEPARTMENT - 01	FINAL BUDGET FY 2020/21	ACTUAL AT 3/31/2021	75%	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE
<b>SOURCES OF FUNDS</b>						
<b>REVENUES</b>						
01-4-3100-000	Property Taxes: Current Year - Secured	1,055,500	784,394	74%	1,057,280	1,780
01-4-3101-000	Property Taxes: Current Year - Unsecured	39,000	37,453	96%	37,850	(1,150)
01-4-3102-000	Property Taxes: Prior Year - Secured	0	979		979	979
01-4-3103-000	Property Taxes: Prior Year - Unsecured	0	431		431	431
	Unitary Tax	11,500	12,418	108%	12,418	918
01-4-3105-000	Penalties & Interest	0	8,811		8,811	8,811
01-4-3106-000	Delinq Garbage Charges	0	902		902	902
01-4-3120-000	Homeowners' Prop Tax Relief	6,125	3,163	52%	6,125	0
01-4-3213-000/100	Will Serve Letter Fee	0	180		180	180
01-4-3230-100/195	Misc Income	0	4,534		4,534	4,534
01-4-3238-200	Firework Permit	1,540	0	0%	1,540	0
01-4-3557-000	CO Charge: SB 2557	(16,445)	0	0%	(16,445)	0
<b>Total Revenues</b>		<b>\$1,097,220</b>	<b>\$853,265</b>	<b>78%</b>	<b>\$1,114,605</b>	<b>\$17,385</b>
<b>OTHER SOURCES OF FUNDS</b>						
	Allocated Administrative Overhead	925,605	648,589	70%	820,215	(105,390)
	Allocated Operating Crew Overhead	221,985	122,428	55%	173,664	(48,321)
<b>Total Other Sources of Funds</b>		<b>\$1,147,590</b>	<b>\$771,017</b>	<b>67%</b>	<b>\$993,879</b>	<b>(\$153,711)</b>
<b>Total Sources of Funds</b>		<b>\$2,244,810</b>	<b>\$1,624,283</b>	<b>72%</b>	<b>\$2,108,484</b>	<b>(\$136,326)</b>
<b>USES OF FUNDS</b>						
<b>SALARIES &amp; WAGES</b>						
01-5-4100-010	Salary & Wages	425,800	302,685	71%	403,580	22,220
01-5-4100-020	Overtime	8,700	122	1%	163	8,537
<b>Total Salaries &amp; Wages</b>		<b>\$434,500</b>	<b>\$302,808</b>	<b>70%</b>	<b>\$403,743</b>	<b>\$30,757</b>
<b>BENEFITS</b>						
01-5-4100-061	PERS Contribution	54,000	43,249	80%	57,665	(3,665)
01-5-4100-062	PERS UAL Payment	49,500	47,727	96%	47,727	1,773
01-5-4100-070	SUI	2,170	2,170	100%	2,170	0
01-5-4100-071	Medicare	6,200	4,820	78%	6,426	(226)
01-5-4100-072	FICA	1,725	1,346	78%	1,794	(69)
01-5-4100-075	Compensation Insurance	5,225	3,070	59%	4,094	1,131
01-5-4100-090	Insurance	70,800	56,515	80%	75,354	(4,554)
01-5-4100-097	Cell Phone Allowance	900	675	75%	900	0
<b>Total Benefits</b>		<b>\$190,520</b>	<b>\$159,572</b>	<b>84%</b>	<b>\$196,130</b>	<b>(\$5,610)</b>
<b>Total Personnel Services</b>		<b>\$625,020</b>	<b>\$462,379</b>	<b>74%</b>	<b>\$599,873</b>	<b>\$25,147</b>



**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
ADMINISTRATIVE DEPARTMENT - GENERAL FUND - 01**

ACCOUNT NO.	GENERAL FUND (GF) ADMINISTRATIVE DEPARTMENT - 01	FINAL BUDGET FY 2020/21	ACTUAL AT 3/31/2021	75%	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE
<b>SERVICES &amp; SUPPLIES</b>						
01-5-4100-110	Communications & Dispatch	10,375	8,108	78%	10,811	(436)
01-5-4100-150	Insurance	24,720	19,250	78%	24,720	0
01-5-4100-170	Maintenance: Equipment	3,810	0	0%	0	3,810
01-5-4100-173	Maint: Structures/ Improvements	10,815	3,495	32%	4,660	6,155
01-5-4100-180	Memberships	7,010	7,753	111%	7,753	(743)
01-5-4100-191	Over and Short	0	(38)		(38)	38
01-5-4100-193	Bank Fees	4,790	3,010	63%	4,013	776
01-5-4100-200	Office Expense	7,175	3,464	48%	4,619	2,556
01-5-4100-210	Postage	2,575	430	17%	573	2,002
01-5-4100-218	Audit	19,875	19,875	100%	19,875	0
01-5-4100-220	Professional Services	29,000	8,631	30%	11,508	17,492
01-5-4100-221	Information Technology	10,300	3,187	31%	4,249	6,051
01-5-4100-223	Legal Services	96,000	43,432	45%	57,909	38,091
01-5-4100-225	Board Stipends	12,000	5,350	45%	7,133	4,867
01-5-4100-226	Annual Software Maintenance	16,565	17,876	108%	17,876	(1,311)
01-5-4100-230	Required Legal Notice	2,655	92	3%	123	2,532
01-5-4100-235	Books/ Journals/ Subscriptions/ Software	1,590	0	0%	0	1,590
01-5-4100-241	Rents/ Lease: Equipment	3,185	0	0%	0	3,185
01-5-4100-247	LAFCO Annual Charge	12,480	10,861	87%	10,861	1,619
01-5-4100-248	Permits, Fees, Lincenses	1,065	612	57%	816	249
01-5-4100-260	Election Expense	5,500	22,845	415%	22,845	(17,345)
01-5-4100-280	Private Vehicle/ Milage Expense	530	0	0%	0	530
01-5-4100-285	Classes/ Seminars/ Training Fee	5,835	0	0%	0	5,835
01-5-4100-286	Board Member Travel	2,125	0	0%	0	2,125
01-5-4100-290	Utilities	10,610	6,174	58%	8,232	2,378
01-5-4100-297	Pass-thur: Delinquent Garbage/ Tax Roll	0	1,803		1,803	(1,803)
<b>Total Services &amp; Supplies</b>		<b>\$300,585</b>	<b>\$186,210</b>	<b>62%</b>	<b>\$220,341</b>	<b>\$80,243</b>
<b>Operating Crew Benefits &amp; Direct Labor Cost Allocations</b>						
	Leave time	54,500	32,447	60%	43,262	11,238
	Salaries & Wages (Admin)	7,450	0	0%	7,450	0
	PERS Contribution	43,000	24,531	57%	32,708	10,292
	Medicare	5,500	2,776	50%	3,702	1,798
	P/R Fed & State Taxes	4,275	300	7%	4,275	0
	SUI	1,750	1,736	99%	1,750	0
	Insurance	83,400	45,491	55%	60,655	22,745
	Boot Allowance	1,250	1,000	80%	1,000	250
	Clothing	7,210	4,347	60%	5,796	1,414
	Standby	13,650	9,800	72%	13,067	583
<b>Total Operating Crew Benefits</b>		<b>\$221,985</b>	<b>\$122,428</b>	<b>55%</b>	<b>\$173,664</b>	<b>\$48,320</b>
<b>Total Expenditures</b>		<b>\$1,147,589</b>	<b>\$771,017</b>	<b>67%</b>	<b>\$993,879</b>	<b>\$153,710</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>\$1,097,221</b>	<b>\$853,265</b>		<b>\$1,114,605</b>	<b>\$17,384</b>
<b>TRANSFERS &amp; ENCUMBRANCES</b>						
	Transfers In - Facilitate Fund	123,738	0		123,738	0
	(Transfers Out) - Fire and Lighting	(1,230,467)	(917,157)		(1,217,402)	(13,065)
	Encumbrances - Sources of Funding	0	0		0	0
	Encumbrances - (Designated LHMP Funds)	0	0		0	0
<b>NET TRANSFERS &amp; ENCUMBRANCES</b>		<b>(\$1,106,729)</b>	<b>(\$917,157)</b>		<b>(\$1,093,664)</b>	<b>(\$13,065)</b>



# FIRE BUDGET







**OCEANO COMMUNITY SERVICES DISTRICT  
 FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
 FIRE DEPARTMENT - GENERAL FUND - 01**

ACCOUNT NO.	GENERAL FUND (GF) FIRE DEPARTMENT - 01	FINAL BUDGET FY 2020/21	ACTUAL AT 3/31/2021	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE
<b>SOURCES OF FUNDS</b>					
	Revenues	\$0	\$0	0%	\$0
	Other Sources of Funds	\$0	\$0	0%	\$0
	<b>Total Sources of Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>
<b>USES OF FUNDS</b>					
	Salaries & Wages	\$1,000	\$0	0%	\$1,000
	Benefits	\$14,445	\$13,491	93%	\$698
	Personnel Services	\$15,445	\$13,491	87%	\$1,698
	Services & Supplies	\$1,143,648	\$855,656	75%	\$2,774
	Capital Overlay	\$0	\$0		\$0
	Administrative Cost Allocation	\$27,768	\$19,458	70%	\$3,162
	<b>Total Expenditures</b>	<b>\$1,186,861</b>	<b>\$888,605</b>	<b>75%</b>	<b>\$7,633</b>
	<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>(\$1,186,861)</b>	<b>(\$888,605)</b>		<b>\$7,633</b>





**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
FIRE DEPARTMENT - GENERAL FUND - 01**

ACCOUNT NO.	GENERAL FUND (GF) FIRE DEPARTMENT - 01	FINAL BUDGET FY 2020/21	ACTUAL AT 3/31/2021	75%	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE
<b>SOURCES OF FUNDS</b>						
<b>REVENUES</b>						
						0
	<b>Total Revenues</b>	\$0	\$0		\$0	\$0
<b>OTHER SOURCES OF FUNDS</b>						
		0	0		0	0
	<b>Total Other Sources of Funds</b>	\$0	\$0		\$0	\$0
	<b>Total Sources of Funds</b>	\$0	\$0		\$0	\$0
<b>USES OF FUNDS</b>						
<b>SALARIES &amp; WAGES</b>						
01-5-4200-010	Salary & Wages	1,000	0	0%	0	1,000
01-5-4200-020	Overtime	0	0		0	0
	<b>Total Salaries &amp; Wages</b>	\$1,000	\$0	0%	\$0	\$1,000
<b>BENEFITS</b>						
01-5-4200-062	PERS UAL Payment	13,335	12,879	97%	12,879	456
	Operating Crew Benefits Allocation	1,110	612	55%	868	242
	<b>Total Benefits</b>	\$14,445	\$13,491	93%	\$13,747	\$698
	<b>Total Personnel Services</b>	\$15,445	\$13,491	87%	\$13,747	\$1,698
<b>SERVICES &amp; SUPPLIES</b>						
01-5-4200-077	JPA - Quarterly Payments	1,138,148	853,611	75%	1,138,148	0
01-5-4200-290	Utilities	5,000	1,562	31%	2,083	2,917
01-5-4200-291	Sandbags	500	483	97%	644	(144)
	<b>Total Services &amp; Supplies</b>	\$1,143,648	\$855,656	75%	\$1,140,874	\$2,774
<b>CAPITAL OVERLAY</b>						
		0	0		0	0
	<b>Total Capital Overlay</b>	\$0	\$0		\$0	\$0
<b>ADMINISTRATIVE COST ALLOCATION</b>						
01-5-4200-376	Allocated Overhead - Admin	27,768	19,458	70%	24,606	3,162
	<b>Total Administrative Cost Allocation</b>	\$27,768	\$19,458	70%	\$24,606	\$3,162
	<b>Total Expenditures</b>	\$1,186,861	\$888,605	75%	\$1,179,228	\$7,633
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(\$1,186,861)</b>	<b>(\$888,605)</b>		<b>(\$1,179,228)</b>	<b>\$7,633</b>
<b>TRANSFERS &amp; ENCUMBRANCES</b>						
	Transfers In - Property Taxes & Fac Fund	1,186,861	888,605		1,179,228	(7,633)
	(Transfers Out)	0	0		0	0
	Encumbrances - Sources of Funding	0	0		0	0
	Encumbrances - (Designated Funds)	0	0		0	0
	<b>NET TRANSFERS &amp; ENCUMBRANCES</b>	<b>\$1,186,861</b>	<b>\$888,605</b>		<b>\$1,179,228</b>	<b>(\$7,633)</b>



# LIGHTING BUDGET





**OCEANO COMMUNITY SERVICES DISTRICT  
 FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
 LIGHTING - GENERAL FUND - 01**

ACCOUNT NO.	GENERAL FUND (GF) LIGHTING - 01	FINAL FY 2020/2021	ACTUAL AT 3/31/2021	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE
<b>SOURCES OF FUNDS</b>					
	Revenues	\$0	\$0	0%	\$0
	Other Sources of Funds	\$0	\$0	0%	\$0
	<b>Total Sources of Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>
<b>USES OF FUNDS</b>					
	Salaries & Wages	\$1,000	\$1,235	123%	\$1,500
	Benefits	\$1,110	\$612	55%	\$868
	Personnel Services	\$2,110	\$1,847	88%	\$2,368
	Services & Supplies	\$31,595	\$20,219	64%	\$26,958
	Capital Outlay	\$0	\$0	0%	\$0
	Administrative Cost	\$9,256	\$6,486	70%	\$8,202
	<b>Total Expenditures</b>	<b>\$42,961</b>	<b>\$28,552</b>	<b>66%</b>	<b>\$37,529</b>
	<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>(\$42,961)</b>	<b>(\$28,552)</b>		<b>(\$37,529)</b>



**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
LIGHTING - GENERAL FUND - FUND 01**

ACCOUNT NO.	GENERAL FUND (GF) LIGHTING - 01	FINAL FY 2020/2021	ACTUAL AT 3/31/2021 75%	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE	
<b>SOURCES OF FUNDS</b>						
<b>REVENUES</b>						
	<b>Total Revenues</b>	\$0	\$0	\$0	\$0	
<b>OTHER SOURCES OF FUNDS</b>						
				0		
	<b>Total Other Sources of Funds</b>	\$0	\$0	\$0	\$0	
	<b>Total Sources of Funds</b>	\$0	\$0	\$0	\$0	
<b>USES OF FUNDS</b>						
<b>SALARIES &amp; WAGES</b>						
01-5-4195-010	Salaries & Wages	1,000	1,235	123%	1,500	(500)
01-5-4195-020	Overtime Wages	0	0		0	0
	<b>Total Salaries &amp; Wages</b>	<b>\$1,000</b>	<b>\$1,235</b>	<b>123%</b>	<b>\$1,500</b>	<b>(\$500)</b>
<b>BENEFITS</b>						
	Operating Crew Benefits Allocation	1,110	612	55%	868	242
	<b>Total Benefits</b>	<b>\$1,110</b>	<b>\$612</b>	<b>55%</b>	<b>\$868</b>	<b>\$242</b>
	<b>Total Personnel Services</b>	<b>\$2,110</b>	<b>\$1,847</b>	<b>88%</b>	<b>\$2,368</b>	<b>(\$258)</b>
<b>SERVICES &amp; SUPPLIES</b>						
01-5-4195-175	Operating Supplies	1,595	297	19%	396	1,199
01-5-4195-295	Street Lighting	30,000	19,922	66%	26,562	3,438
	<b>Total Services &amp; Supplies</b>	<b>\$31,595</b>	<b>\$20,219</b>	<b>64%</b>	<b>\$26,958</b>	<b>\$4,637</b>
<b>CAPITAL OUTLAY</b>						
		0	0		0	0
	<b>Total Capital Outlay</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>
<b>ADMINISTRATIVE COST ALLOCATION</b>						
01-5-4195-376	Administrative Cost Allocation	9,256	6,486	70%	8,202	1,054
	<b>Total Administrative Cost Allocation</b>	<b>\$9,256</b>	<b>\$6,486</b>	<b>70%</b>	<b>\$8,202</b>	<b>\$1,054</b>
	<b>Total Expenditures</b>	<b>\$42,961</b>	<b>\$28,552</b>	<b>66%</b>	<b>\$37,529</b>	<b>\$5,432</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(\$42,961)</b>	<b>(\$28,552)</b>		<b>(\$37,529)</b>	<b>\$5,432</b>
<b>TRANSFERS &amp; ENCUMBRANCES</b>						
	Transfers In - Property Taxes	43,606	28,552		38,174	(5,432)
	(Transfers Out)	0	0		0	0
	Encumbrances - Sources of Funding	0	0		0	0
	Encumbrances - (Designated)	(645)	0		(645)	0
	<b>NET TRANSFERS &amp; ENCUMBRANCES</b>	<b>\$42,961</b>	<b>\$28,552</b>		<b>\$37,529</b>	<b>(\$5,432)</b>



# FACILITIES FUND





**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
FACILITIES - FUND 10**

ACCOUNT NO.	GENERAL FUND (GF) FACILITIES - 10	FINAL BUDGET FY 2020/2021	2020/21 APPROVED ADJUSTMENTS	2020/21 CURRENT BUDGET	ACTUAL AT 3/31/2021	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE
<b>SOURCES OF FUNDS</b>							
	Revenues	\$157,486	\$0	\$157,486	\$108,264	69%	(\$664)
	Other Sources of Funds	\$0	\$0	\$0	\$0	0%	\$0
	<b>Total Sources of Funds</b>	<b>\$157,486</b>	<b>\$0</b>	<b>\$157,486</b>	<b>\$108,264</b>	<b>69%</b>	<b>(\$664)</b>
<b>USES OF FUNDS</b>							
	Salaries & Wages	\$3,725	\$0	\$3,725	\$236	6%	\$315
	Benefits	\$2,220	\$0	\$2,220	\$1,224	55%	\$1,737
	Personnel Services	\$5,945	\$0	\$5,945	\$1,461	25%	\$2,052
	Services & Supplies	\$8,670	\$10,900	\$19,570	\$16,816	86%	\$18,762
	Capital Outlay	\$0	\$0	\$0	\$0		\$0
	Administrative Cost	\$18,512	\$0	\$18,512	\$12,972	70%	\$16,404
	<b>Total Expenditures</b>	<b>\$33,127</b>	<b>\$10,900</b>	<b>\$44,027</b>	<b>\$31,248</b>	<b>71%</b>	<b>\$37,218</b>
	<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>\$124,359</b>	<b>(\$10,900)</b>	<b>\$113,459</b>	<b>\$77,015</b>		<b>\$119,604</b>
	<b>TRANSFERS &amp; ENCUMBRANCES</b>						
	Transfers In - From General Fund	31,500	0	31,500	0		31,500
	(Transfers Out)	(237,678)	0	(237,678)	0		(237,678)
	Encumbrances - Sources of Funding	0	0	0	0		0
	Encumbrances - (Designated Funds)	0	0	0	0		0
	<b>NET TRANSFERS &amp; ENCUMBRANCES</b>	<b>(\$206,178)</b>	<b>\$0</b>	<b>(\$206,178)</b>	<b>\$0</b>		<b>(\$206,178)</b>



**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
FACILITIES - FUND 10**

ACCOUNT NO.	GENERAL FUND (GF) FACILITIES - 10	FINAL BUDGET FY 2020/2021	2020/21 APPROVED ADJUSTMENTS	2020/21 CURRENT BUDGET	ACTUAL AT 3/31/2021	75%	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE
<b>SOURCES OF FUNDS</b>								
<b>REVENUES</b>								
10-4-3257-000	Utility Reimbursement	1,846		1,846	830	45%	1,107	(739)
10-4-3258-000	Old Fire Station Rent	11,700		11,700	8,775	75%	11,775	75
10-4-3259-000	Fire Rent	15,000		15,000	7,500	50%	15,000	0
10-4-3260-000	Lease - Sheriff Facility	113,940		113,940	85,455	75%	113,940	0
	Public Facilities Fees	15,000		15,000	5,703	38%	15,000	0
	<b>Total Revenues</b>	<b>\$157,486</b>	<b>\$0</b>	<b>\$157,486</b>	<b>\$108,264</b>	<b>69%</b>	<b>\$156,822</b>	<b>(\$664)</b>
<b>OTHER SOURCES OF FUNDS</b>								
	<b>Total Other Sources of Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>
	<b>Total Sources of Funds</b>	<b>\$157,486</b>	<b>\$0</b>	<b>\$157,486</b>	<b>\$108,264</b>	<b>69%</b>	<b>\$156,822</b>	<b>(\$664)</b>
<b>USES OF FUNDS</b>								
<b>SALARIES &amp; WAGES</b>								
10-5-4300-010	Salary & Wages	3,725		3,725	236	6%	315	3,410
10-5-4300-010	Overtime	0		0	0		0	0
	<b>Total Salaries &amp; Wages</b>	<b>\$3,725</b>	<b>\$0</b>	<b>\$3,725</b>	<b>\$236</b>	<b>6%</b>	<b>\$315</b>	<b>\$3,410</b>
<b>BENEFITS</b>								
	Operating Crew Overhead	2,220		2,220	1,224	55%	1,737	483
	<b>Total Benefits</b>	<b>\$2,220</b>	<b>\$0</b>	<b>\$2,220</b>	<b>\$1,224</b>	<b>55%</b>	<b>\$1,737</b>	<b>\$483</b>
	<b>Total Personnel Services</b>	<b>\$5,945</b>	<b>\$0</b>	<b>\$5,945</b>	<b>\$1,461</b>	<b>25%</b>	<b>\$2,052</b>	<b>\$3,893</b>
<b>SERVICES &amp; SUPPLIES</b>								
10-5-4300-110	Communication	0		0	21		28	(28)
10-5-4300-163	Budget Adjustment - 11/11/2020 - Maint: Structure/ Imprv - Fumigation	5,000	6,563	11,563	10,332	89%	11,563	0
10-5-4300-173	So: Maint. Structures/ Improvements	2,125	0	2,125	2,125	100%	2,834	(709)
10-5-4300-220	Professional Services	1,545	0	1,545	0	0%	0	1,545
10-5-4300-366	Budget Adjustment - 11/11/2020 - Emergency Generator Project	0	4,337	4,337	4,337		4,337	(0)
	<b>Total Services &amp; Supplies</b>	<b>\$8,670</b>	<b>\$10,900</b>	<b>\$19,570</b>	<b>\$16,816</b>	<b>86%</b>	<b>\$18,762</b>	<b>\$808</b>
<b>CAPITAL OUTLAY</b>								
10-5-4300-320	Fixed Assets	0		0	0		0	0
	<b>Total Capital Outlay</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>
<b>ADMINISTRATIVE COST ALLOCATION</b>								
10-5-4300-376	Admin Allocation	18,512		18,512	12,972	70%	16,404	2,108
	<b>Total Administrative Cost Allocation</b>	<b>\$18,512</b>	<b>\$0</b>	<b>\$18,512</b>	<b>\$12,972</b>	<b>70%</b>	<b>\$16,404</b>	<b>\$2,108</b>
	<b>Total Expenditures</b>	<b>\$33,127</b>	<b>\$10,900</b>	<b>\$44,027</b>	<b>\$31,248</b>	<b>71%</b>	<b>\$37,218</b>	<b>\$6,809</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>\$124,359</b>	<b>(\$10,900)</b>	<b>\$113,459</b>	<b>\$77,015</b>		<b>\$119,604</b>	<b>\$6,145</b>
<b>TRANSFERS &amp; ENCUMBRANCES</b>								
	Transfers In - From Water Fund	31,500		31,500	0		31,500	0
	(Transfers Out) - To General & Sewer	(237,678)		(237,678)	0		(237,678)	0
	Encumbrances - Sources of Funding	0		0	0		0	0
	Encumbrances - (Designated Funds)	0		0	0		0	0
	<b>NET TRANSFERS &amp; ENCUMBRANCES</b>	<b>(\$206,178)</b>	<b>\$0</b>	<b>(\$206,178)</b>	<b>\$0</b>		<b>(\$206,178)</b>	<b>\$0</b>



**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
ENTERPRISE FUNDS**

ACCOUNT NO.	ENTERPRISE FUNDS	FINAL BUDGET FY 2020/2021	2020/21 APPROVED ADJUSTMENTS	2020/21 CURRENT BUDGET	ACTUAL AT 3/31/2021	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE	
<b>SOURCES OF FUNDS</b>								
	Water	\$2,712,689	\$0	\$2,712,689	\$2,215,941	82%	\$2,696,289	(\$16,400)
	Wastewater	\$403,800	\$0	\$403,800	\$331,916	82%	\$406,951	\$3,151
	Garbage	\$59,693	\$20,000	\$79,693	\$72,633	91%	\$87,344	\$7,651
	Equipment	\$30,023	\$0	\$30,023	\$9,530	32%	\$15,037	(\$14,986)
	<b>Total Sources of Funds</b>	<b>\$3,206,205</b>	<b>\$20,000</b>	<b>\$3,226,205</b>	<b>\$2,630,020</b>	<b>82%</b>	<b>\$3,205,621</b>	<b>(\$20,584)</b>
<b>USES OF FUNDS</b>								
	Water	\$2,881,438	\$0	\$2,881,438	\$2,192,796	76%	\$2,418,370	\$463,068
	Wastewater	\$486,964	\$0	\$486,964	\$309,775	64%	\$395,672	\$91,292
	Garbage	\$111,779	\$20,000	\$131,777	\$54,493	49%	\$91,944	\$39,833
	Equipment	\$26,000	\$0	\$26,000	\$5,507	21%	\$11,014	\$14,986
	<b>Total Expenditures</b>	<b>\$3,506,180</b>	<b>\$20,000</b>	<b>\$3,526,178</b>	<b>\$2,562,572</b>	<b>73%</b>	<b>\$2,917,000</b>	<b>\$609,179</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>								
	Water	(\$168,749)	\$0	(\$168,749)	\$23,145		\$277,919	\$446,668
	Wastewater	(\$83,164)	\$0	(\$83,164)	\$22,141		\$11,279	\$94,443
	Garbage	(\$52,086)	\$0	(\$52,084)	\$18,140		(\$4,600)	\$47,484
	Equipment	\$4,023	\$0	\$4,023	\$4,023		\$4,023	\$0
	<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>(\$299,975)</b>	<b>\$0</b>	<b>(\$299,973)</b>	<b>\$67,448</b>		<b>\$288,622</b>	<b>\$588,595</b>
<b>TRANSFERS &amp; ENCUMBRANCES</b>								
	Transfers In	121,440	0	121,440	0		121,440	0
	(Transfers Out)	(56,075)	0	(56,075)	0		(56,075)	0
	Encumbrances - Sources of Funding	124,055	0	124,055	120,563		124,055	0
	Encumbrances - (Designated Funds)	(154,544)	0	(154,544)	(141,344)		(154,544)	0
	<b>NET TRANSFERS &amp; ENCUMBRANCES</b>	<b>\$34,876</b>	<b>\$0</b>	<b>\$34,876</b>	<b>(\$20,781)</b>		<b>\$34,876</b>	<b>\$0</b>





# WATER FUND





**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
WATER FUND - 02**

ACCOUNT NO.	WATER FUND WATER DEPARTMENT - 02	FINAL BUDGET FY 2020/2021	ACTUAL AT 3/31/2021	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE	
<b>SOURCES OF FUNDS</b>						
	Revenues	\$2,712,689	\$2,215,941	82%	\$2,696,289	(\$16,400)
	Other Sources of Funds	\$0	\$0	0%	\$0	\$0
	<b>Total Sources of Funds</b>	<b>\$2,712,689</b>	<b>\$2,215,941</b>	<b>82%</b>	<b>\$2,696,289</b>	<b>(\$16,400)</b>
<b>USES OF FUNDS</b>						
	Salaries & Wages	\$201,000	\$132,638	66%	\$176,850	\$24,150
	Benefits	\$148,858	\$82,343	55%	\$116,463	\$32,394
	Personnel Services	\$349,858	\$214,981	61%	\$293,314	\$56,544
	Services & Supplies	\$1,936,217	\$1,558,662	81%	\$1,602,927	\$333,290
	Capital Outlay	\$40,000	\$30,000	75%	\$30,000	\$10,000
	Administrative Cost	\$555,363	\$389,153	70%	\$492,129	\$63,234
	<b>Total Expenditures</b>	<b>\$2,881,438</b>	<b>\$2,192,796</b>	<b>76%</b>	<b>\$2,418,370</b>	<b>\$463,068</b>
	<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>(\$168,749)</b>	<b>\$23,145</b>		<b>\$277,919</b>	<b>\$446,668</b>
	<b>TRANSFERS &amp; ENCUMBRANCES</b>					
	Transfers In	0	0		0	0
	(Transfers Out)	(56,075)	(5,420)		(47,552)	8,523
	Encumbrances - Sources of Funding	124,055	120,563		124,055	0
	Encumbrances - (Designated Funds)	(154,544)	(141,344)		(154,544)	0
	<b>NET TRANSFERS &amp; ENCUMBRANCES</b>	<b>(\$86,564)</b>	<b>(\$26,201)</b>		<b>(\$78,041)</b>	<b>\$8,523</b>



**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
WATER FUND - 02**

ACCOUNT NO.	WATER FUND WATER DEPARTMENT - 02	FINAL BUDGET FY 2020/2021	ACTUAL AT 3/31/2021	75%	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE
<b>SOURCES OF FUNDS</b>						
<b>REVENUES</b>						
02-4-3200-000	Sales: Residential	1,828,000	1,873,979	103%	2,022,816	194,816
02-4-3204-000	Sales: Lopez	502,000	307,184	61%	307,184	(194,816)
02-4-3206-000	Front Footage Fees	16,320	0	0%	16,320	0
02-4-3207-000	Sales: U/B Courtesy Notice	4,500	3,560	79%	4,746	246
02-4-3208-000	Delinquent U/B Acct Fees	27,000	180	1%	240	(26,760)
02-4-3209-000	Capacity Charages	25,919	0	0%	25,919	0
02-4-3210-00	Meter Fees	5,400	40	1%	5,400	0
02-4-3211-000	Lopez Connection Fees	4,000	0	0%	4,000	0
02-4-3212-000	New Account Setup Fee	3,240	4,406	136%	5,875	2,635
02-4-3217-297	Wheeling/Fire Protection	25,000	19,113	76%	25,000	0
02-4-3224-000	Backflow Fees	0	549		549	549
02-4-3230-000	Sales: Miscellaneous	0	3,542		3,542	3,542
02-4-3230-350	Reimbursement - New Development	11,150	0	0%	11,150	0
02-4-3255-000	Inspection Fees	200	0	0%	200	0
02-4-3900-490	Claims & Settlements	0	3,389		3,389	3,389
	Water Rate Increase - Prop 218	259,960		0%	259,960	0
	<b>Total Revenues</b>	<b>\$2,712,689</b>	<b>\$2,215,941</b>	<b>82%</b>	<b>\$2,696,289</b>	<b>(\$16,400)</b>
<b>OTHER SOURCES OF FUNDS</b>						
	<b>Total Other Sources of Funds</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>
	<b>Total Sources of Funds</b>	<b>\$2,712,689</b>	<b>\$2,215,941</b>	<b>82%</b>	<b>\$2,696,289</b>	<b>(\$16,400)</b>
<b>USES OF FUNDS</b>						
<b>SALARIES &amp; WAGES</b>						
02-5-4400-010	Salaries and Wages	170,000	126,103	74%	168,137	1,863
02-5-4400-020	Overtime	31,000	6,535	21%	8,713	22,287
	<b>Total Salaries &amp; Wages</b>	<b>\$201,000</b>	<b>\$132,638</b>	<b>66%</b>	<b>\$176,850</b>	<b>\$24,150</b>
<b>BENEFITS</b>						
02-5-4400-075	Workers Compensation Insurance	6,788	3,989	59%	5,318	1,470
	Operating Crew Benefits Allocation	142,070	78,354	55%	111,145	30,925
	<b>Total Benefits</b>	<b>\$148,858</b>	<b>\$82,343</b>	<b>55%</b>	<b>\$116,463</b>	<b>\$32,394</b>
	<b>Total Personnel Services</b>	<b>\$349,858</b>	<b>\$214,981</b>	<b>61%</b>	<b>\$293,314</b>	<b>\$56,544</b>



**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
WATER FUND - 02**

ACCOUNT NO.	WATER FUND WATER DEPARTMENT - 02	FINAL BUDGET FY 2020/2021	ACTUAL AT 3/31/2021	75%	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE
<b>SERVICES &amp; SUPPLIES</b>						
02-5-4400-110	Communications	3,500	2,072	59%	2,763	737
02-5-4400-163	Maint: Structures/ Improvments	8,900	2,661	30%	3,548	5,352
02-5-4400-164	Paving	1,300	2,183	168%	2,910	(1,610)
02-5-4400-170	Maintenance - Equipment	5,665	2,237	39%	2,982	2,683
02-5-4400-173	Maint: Shared Structures/ Improvements	10,815	113	1%	151	10,664
02-5-4400-175	System Parts/ Operating Supplies	17,510	8,343	48%	11,124	6,386
02-5-4400-176	Water Meters	21,630	19,738	91%	21,630	0
02-5-4400-177	Safety Expense	570	0	0%	0	570
02-5-4400-178	Chemicals	3,800	0	0%	0	3,800
02-5-4400-180	Membership	2,700	2,542	94%	3,390	(690)
02-5-4400-200	Office Expense	620	35	6%	47	573
02-5-4400-205	Outside UB Mail Service	9,000	8,024	89%	9,879	(879)
02-5-4400-220	Professional Services	18,025	8,504	47%	11,339	6,686
02-5-4400-221	Information Technology	575	192	33%	256	319
02-5-4400-222	Contracted Engineering	5,665	3,850	68%	5,133	532
02-5-4400-226	Engineering & Other Reimbursements	10,815	7,576	70%	10,101	714
02-5-4400-230	Legal Notices	1,145	892	78%	1,190	(45)
02-5-4400-231	Bad Debt Expense	545	0	0%	0	545
02-5-4400-241	Rents/ Leases - Equipment	2,115	0	0%	0	2,115
02-5-4400-248	Permits, Fees, Licenses	13,085	6,216	48%	6,216	6,869
02-5-4400-250	Small Tools and Instruments	2,575	0	0%	0	2,575
02-5-4400-285	Classes/ Seminars	2,900	0	0%	0	2,900
02-5-4400-261	Water Supply - Lopez	493,997	499,934	101%	499,934	(5,937)
02-5-4400-262	Water Supply - State Water	1,151,000	913,511	79%	913,511	237,489
02-5-4400-290	Utilities	20,000	7,991	40%	10,655	9,345
02-5-4400-297	Pass-Thru: Crest/Christie/AG	26,265	16,171	62%	25,000	1,265
02-5-4400-362	Litigation: SMGB	50,000	9,984	20%	13,311	36,689
02-5-4400-380	NCMA Tec	44,000	34,377	78%	45,836	(1,836)
02-5-4400-499	Claim & Settlements	7,500	1,516	20%	2,022	5,478
<b>Total Services &amp; Supplies</b>		<b>\$1,936,217</b>	<b>\$1,558,662</b>	<b>81%</b>	<b>\$1,602,927</b>	<b>\$333,290</b>
<b>CAPITAL OUTLAY</b>						
02-5-4400-447	CIP - Overlay	0	25,200		25,200	(25,200)
02-5-4400-336	CIP - Water Tank Renovation	40,000	4,800	12%	4,800	35,200
<b>Total Capital Outlay</b>		<b>\$40,000</b>	<b>\$30,000</b>	<b>75%</b>	<b>\$30,000</b>	<b>\$10,000</b>
<b>ADMINISTRATIVE COST ALLOCATION</b>						
02-5-4400-376	Administrative Cost Allocation	555,363	389,153	70%	492,129	63,234
<b>Total Administrative Cost Allocation</b>		<b>\$555,363</b>	<b>\$389,153</b>	<b>70%</b>	<b>\$492,129</b>	<b>\$63,234</b>
<b>Total Expenditures</b>		<b>\$2,881,438</b>	<b>\$2,192,796</b>	<b>76%</b>	<b>\$2,418,370</b>	<b>\$463,068</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(\$168,749)</b>	<b>\$23,145</b>		<b>\$277,919</b>	<b>\$446,668</b>
<b>TRANSFERS &amp; ENCUMBRANCES</b>						
	Transfers In	0	0			0
	(Transfers Out) - To General, Garbage, Equipment	(56,075)	(5,420)		(47,552)	8,523
	Encumbrances - Sources of Funding	124,055	120,563		124,055	0
	Encumbrances - (Designated Funds)	(154,544)	(141,344)		(154,544)	0
<b>NET TRANSFERS &amp; ENCUMBRANCES</b>		<b>(\$86,564)</b>	<b>(\$26,201)</b>		<b>(\$78,041)</b>	<b>\$8,523</b>



# SEWER FUND





**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
WASTEWATER DEPARTMENT - FUND - 03**

ACCOUNT NO.	WASTEWATER FUND WASTEWATER DEPARTMENT - 03	FINAL BUDGET FY 2020/2021	ACTUAL AT 3/31/2021	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE	
<b>SOURCES OF FUNDS</b>						
	Revenues	\$403,800	\$331,916	82%	\$406,951	\$3,151
	Other Sources of Funds	\$0	\$0	0%	\$0	\$0
	<b>Total Sources of Funds</b>	<b>\$403,800</b>	<b>\$331,916</b>	<b>82%</b>	<b>\$406,951</b>	<b>\$3,151</b>
<b>USES OF FUNDS</b>						
	Salaries & Wages	\$78,537	\$44,242	56%	\$58,989	\$19,548
	Benefits	\$57,038	\$31,593	55%	\$44,627	\$12,411
	Personnel Services	\$135,575	\$75,835	56%	\$103,615	\$31,959
	Services & Supplies	\$73,708	\$22,864	31%	\$29,492	\$44,216
	Capital Outlay	\$0	\$16,500	0%	\$16,500	(\$16,500)
	Administrative Cost	\$277,681	\$194,577	70%	\$246,064	\$31,617
	<b>Total Expenditures</b>	<b>\$486,964</b>	<b>\$309,775</b>	<b>64%</b>	<b>\$395,672</b>	<b>\$91,292</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(\$83,164)</b>	<b>\$22,141</b>		<b>\$11,279</b>	<b>\$94,443</b>
<b>TRANSFERS &amp; ENCUMBRANCES</b>						
	Transfers In - From General Fund	113,940	0		113,940	0
	(Transfers Out)	(11,915)	(3,782)		(5,968)	5,947
	Encumbrances - Sources of Funding	0	0		0	0
	Encumbrances - (Designated Funds)	0	0		0	0
	<b>NET TRANSFERS &amp; ENCUMBRANCES</b>	<b>\$102,025</b>	<b>(\$3,782)</b>		<b>\$107,972</b>	<b>\$5,947</b>





**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
WASTEWATER DEPARTMENT - FUND 03**

ACCOUNT NO.	WASTEWATER FUND WASTEWATER DEPARTMENT - 03	FINAL BUDGET FY 2020/2021	ACTUAL AT 3/31/2021	75%	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE
<b>SOURCES OF FUNDS</b>						
<b>REVENUES</b>						
03-4-3210-000	Sales - Sewer	400,000	327,016	82%	400,000	0
03-4-3211-000	Sewer Connections	2,000	0	0%	2,000	0
03-4-3255-000	Inspection Fees	100	50	50%	100	0
03-4-3256-000	FOG Program	1,700	4,215	248%	4,215	2,515
03-4-3900-000	Other Income	0	636		636	636
<b>Total Revenues</b>		<b>\$403,800</b>	<b>\$331,916</b>	<b>82%</b>	<b>\$406,951</b>	<b>\$3,151</b>
<b>OTHER SOURCES OF FUNDS</b>						
<b>Total Other Sources of Funds</b>		<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>
<b>Total Sources of Funds</b>		<b>\$403,800</b>	<b>\$331,916</b>	<b>82%</b>	<b>\$406,951</b>	<b>\$3,151</b>
<b>USES OF FUNDS</b>						
<b>SALARIES &amp; WAGES</b>						
03-5-4500-010	Salaries and Wages	65,037	42,822	66%	57,096	7,941
03-5-4500-020	Overtime	13,500	1,419	11%	1,893	11,607
<b>Total Salaries &amp; Wages</b>		<b>\$78,537</b>	<b>\$44,242</b>	<b>56%</b>	<b>\$58,989</b>	<b>\$19,548</b>
<b>BENEFITS</b>						
03-5-4500-075	Workers Compensation Insurance	3,762	2,210	59%	2,947	814
	Operating Crew Benefits Allocation	53,276	29,383	55%	41,679	11,597
<b>Total Benefits</b>		<b>\$57,038</b>	<b>\$31,593</b>	<b>55%</b>	<b>\$44,627</b>	<b>\$12,411</b>
<b>Total Personnel Services</b>		<b>\$135,575</b>	<b>\$75,835</b>	<b>56%</b>	<b>\$103,615</b>	<b>\$31,959</b>
<b>SERVICES &amp; SUPPLIES</b>						
03-5-4500-110	Communication	515	278	54%	371	144
03-5-4500-163	Maint: Sewer Structures/ Improvements	17,000	7,143	42%	9,524	7,476
03-5-4500-170	Maintenance: Equipment	3,348	653	19%	870	2,478
03-5-4500-171	Maintenance: Vehicles	3,500	0	0%	0	3,500
03-5-4500-172	Gas and Oil	3,500	0	0%	0	3,500
03-5-4500-173	Maint: Structures/ Improvements	5,135	435	8%	580	4,555
03-5-4500-175	System Parts/ Operating Supplies	8,240	2,065	25%	2,753	5,487
03-5-4500-177	Safety Expense	2,850	0	0%	0	2,850
03-5-4500-180	Memberships	450	919	204%	919	(469)
03-5-4500-200	Office Expense	515	24	5%	32	483
03-5-4500-205	Outside UB Mailing Expense	9,000	5,565	62%	7,420	1,580
03-5-4500-220	Professional Services	2,575	0	0%	0	2,575
03-5-4500-222	Contracted Engineering	2,835	1,050	37%	1,400	1,435
03-5-4500-241	Rents & Leases/ Equipment	2,575	245	10%	327	2,248
03-5-4500-248	Regulatory Permits & Fees	4,020	3,530	88%	4,020	0
03-5-4500-285	Classes/ Seminars/ Training Fees	2,800	0	0%	0	2,800
03-5-4500-290	Utilities	2,600	956	37%	1,275	1,325
03-5-4500-390	Bad Debt Expense	350	0	0%	0	350
03-5-4500-499	Claims & Settlements	1,900	0	0%	0	1,900
<b>Total Services &amp; Supplies</b>		<b>\$73,708</b>	<b>\$22,864</b>	<b>31%</b>	<b>\$29,492</b>	<b>\$44,216</b>
<b>CAPITAL OUTLAY</b>						
03-5-4500-447	CIP - Overlay	0	16,500		16,500	(16,500)
<b>Total Capital Outlay</b>		<b>\$0</b>	<b>\$16,500</b>		<b>\$16,500</b>	<b>(\$16,500)</b>
<b>ADMINISTRATIVE COST ALLOCATION</b>						
	Administrative Cost Allocation	277,681	194,577	70%	246,064	31,617
<b>Total Administrative Cost Allocation</b>		<b>\$277,681</b>	<b>\$194,577</b>	<b>70%</b>	<b>\$246,064</b>	<b>\$31,617</b>
<b>Total Expenditures</b>		<b>\$486,964</b>	<b>\$309,775</b>	<b>64%</b>	<b>\$395,672</b>	<b>\$91,292</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(\$83,164)</b>	<b>\$22,141</b>		<b>\$11,279</b>	<b>\$94,443</b>
<b>TRANSFERS &amp; ENCUMBRANCES</b>						
	Transfers In - From General Fund	113,940	0		113,940	0
	(Transfers Out) - Equipment Fund	(11,915)	(3,782)		(5,968)	5,947
	Encumbrances - Sources of Funding					0
	Encumbrances - (Designated Funds)					0
<b>NET TRANSFERS &amp; ENCUMBRANCES</b>		<b>\$102,025</b>	<b>(\$3,782)</b>		<b>\$107,972</b>	<b>\$5,947</b>



# GARBAGE FUND







**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
GARBAGE FUND - 06**

ACCOUNT NO.	GARBAGE FUND GARBAGE DEPARTMENT - 06	FINAL BUDGET FY 2020/2021	2020/21 APPROVED ADJUSTMENTS	2018/19 CURRENT BUDGET	ACTUAL AT 3/31/2021	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE
<b>SOURCES OF FUNDS</b>							
	Revenues	\$59,693	\$0	\$59,693	\$52,633	88%	\$7,651
	Other Sources of Funds	\$0	\$20,000	\$20,000	\$20,000	100%	\$0
	<b>Total Sources of Funds</b>	<b>\$59,693</b>	<b>\$20,000</b>	<b>\$79,693</b>	<b>\$72,633</b>	<b>91%</b>	<b>\$7,651</b>
<b>USES OF FUNDS</b>							
	Salaries & Wages	\$27,000	\$0	\$27,000	\$5,747	21%	\$19,338
	Benefits	\$23,138	\$0	\$23,138	\$12,795	55%	\$5,035
	Personnel Services	\$50,138	\$0	\$50,138	\$18,542	37%	\$24,373
	Services & Supplies	\$24,616	\$20,000	\$44,615	\$10,008	22%	\$11,245
	Capital Outlay	\$0	\$0	\$0	\$0	0%	\$0
	Administrative Cost	\$37,024	\$0	\$37,024	\$25,944	70%	\$4,215
	<b>Total Expenditures</b>	<b>\$111,779</b>	<b>\$20,000</b>	<b>\$131,777</b>	<b>\$54,493</b>	<b>49%</b>	<b>\$39,833</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(\$52,086)</b>	<b>\$0</b>	<b>(\$52,084)</b>	<b>\$18,140</b>		<b>(\$4,600)</b>
<b>TRANSFERS &amp; ENCUMBRANCES</b>							
	Transfers In - From General Fund	7,500	0	7,500	0		0
	(Transfers Out)	(1,033)	0	(1,033)	(328)		(516)
	Encumbrances - Sources of Funding	0	0	0	0		0
	Encumbrances - (Designated Funds)	0	0	0	0		0
	<b>NET TRANSFERS &amp; ENCUMBRANCES</b>	<b>\$6,467</b>	<b>\$0</b>	<b>\$6,467</b>	<b>(\$328)</b>		<b>(\$516)</b>



**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
GARBAGE FUND - 06**

ACCOUNT NO.	GARBAGE FUND GARBAGE DEPARTMENT - 06	2020/21		2020/21	ACTUAL AT		ESTIMATED	2020/21
		ADOPTED BUDGET	APPROVED ADJUSTMENTS	CURRENT BUDGET	3/31/2021	75%	ACTUAL	EST. BUDGET VARIANCE
<b>SOURCES OF FUNDS</b>								
<b>REVENUES</b>								
06-4-3230-000	Garbage: Misc Income	0		0	113		113	113
06-4-3501-000	Franchise Fees	51,018		51,018	44,134	87%	58,846	7,828
06-4-3501-741	Landfill Savings Payment	8,675		8,675	8,386	97%	8,386	(289)
<b>Total Revenues</b>		<b>\$59,693</b>	<b>\$0</b>	<b>\$59,693</b>	<b>\$52,633</b>	<b>88%</b>	<b>\$67,344</b>	<b>\$7,651</b>
<b>OTHER SOURCES OF FUNDS</b>								
Budget Adjustment 2/10/21 - IWMA TAG Program - Grant Revenues		0	10,000	10,000	10,000	100%	10,000	0
Budget Adjustment 2/10/21 - IWMA TAG Program - OCS D Reserves		0	10,000	10,000	10,000	100%	10,000	0
<b>Total Other Sources of Funds</b>		<b>\$0</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>100%</b>	<b>\$20,000</b>	<b>\$0</b>
<b>Total Sources of Funds</b>		<b>\$59,693</b>	<b>\$20,000</b>	<b>\$79,693</b>	<b>\$72,633</b>	<b>91%</b>	<b>\$87,344</b>	<b>\$7,651</b>
<b>USES OF FUNDS</b>								
<b>SALARIES &amp; WAGES</b>								
06-5-4900-010	Salaries & Wages	27,000		27,000	5,747	21%	7,662	19,338
06-5-4900-020	Overtime Wages	0		0	0		0	0
<b>Total Salaries &amp; Wages</b>		<b>\$27,000</b>	<b>\$0</b>	<b>\$27,000</b>	<b>\$5,747</b>	<b>21%</b>	<b>\$7,662</b>	<b>\$19,338</b>
<b>BENEFITS</b>								
06-5-4900-075	Compensation Insurance	940		940	553	59%	737	203
	Operating Crew Benefits Allocation	22,198		22,198	12,243	55%	17,366	4,832
<b>Total Benefits</b>		<b>\$23,138</b>	<b>\$0</b>	<b>\$23,138</b>	<b>\$12,795</b>	<b>55%</b>	<b>\$18,103</b>	<b>\$5,035</b>
<b>Total Personnel Services</b>		<b>\$50,138</b>	<b>\$0</b>	<b>\$50,138</b>	<b>\$18,542</b>	<b>37%</b>	<b>\$25,765</b>	<b>\$24,373</b>
<b>SERVICES &amp; SUPPLIES</b>								
06-5-4900-110	Communication	930		930	578	62%	771	159
06-5-4900-171	Maintenance - Vehicles	530		530	0	0%	0	530
06-5-4900-173	Maint - Shared Structures/ Improvements	490		490	100	20%	133	357
06-5-4900-175	Operating Supplies	1,600		1,600	16	1%	22	1,578
06-5-4900-200	Office Expense	1,065		1,065	0	0%	0	1,065
06-5-4900-210	Postage	530		530	0	0%	0	530
06-5-4900-220	Professional Services	8,940		8,940	1,833	21%	2,444	6,496
06-5-4900-290	Utilities	530		530	0	0%	0	530
	School Outreach Programs	10,000		10,000	7,480	75%	10,000	0
	Budget Adjustment 2/10/21 - IWMA TAG Program	0	20,000	20,000	0	0%	20,000	0
<b>Total Services &amp; Supplies</b>		<b>\$24,615</b>	<b>\$20,000</b>	<b>\$44,615</b>	<b>\$10,008</b>	<b>22%</b>	<b>\$33,370</b>	<b>\$11,245</b>
<b>CAPITAL OUTLAY</b>								
<b>Total Capital Outlay</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>
<b>ADMINISTRATIVE COST ALLOCATION</b>								
	Administrative Cost Allocation	37,024		37,024	25,944	70%	32,809	4,215
<b>Total Administrative Cost Allocation</b>		<b>\$37,024</b>	<b>\$0</b>	<b>\$37,024</b>	<b>\$25,944</b>	<b>70%</b>	<b>\$32,809</b>	<b>\$4,215</b>
<b>Total Expenditures</b>		<b>\$111,777</b>	<b>\$20,000</b>	<b>\$131,777</b>	<b>\$54,493</b>	<b>41%</b>	<b>\$91,944</b>	<b>\$39,833</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(\$52,084)</b>	<b>\$0</b>	<b>(\$52,084)</b>	<b>\$18,140</b>		<b>(\$4,600)</b>	<b>\$47,484</b>
<b>TRANSFERS &amp; ENCUMBRANCES</b>								
	Transfers In - From Water Fund	7,500		7,500	0		7,500	0
	(Transfers Out) - Equipment Fund	(1,033)		(1,033)	(328)		(517)	(516)
	Encumbrances - Sources of Funding	0		0	0		0	0
	Encumbrances - (Designated Funds)	0		0	0		0	0
<b>NET TRANSFERS &amp; ENCUMBRANCES</b>		<b>\$6,467</b>	<b>\$0</b>	<b>\$6,467</b>	<b>(\$328)</b>		<b>\$6,983</b>	<b>(\$516)</b>



# EQUIPMENT FUND





**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
EQUIPMENT FUND - 12**

ACCOUNT NO.	EQUIPMENT FUND - 12	FINAL BUDGET FY 2020/2021	ACTUAL AT 3/31/2021	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE
<b>SOURCES OF FUNDS</b>					
	Revenues	\$30,023	\$9,530	32%	\$15,037
	Other Sources of Funds	\$0	\$0	0%	\$0
	<b>Total Sources of Funds</b>	<b>\$30,023</b>	<b>\$9,530</b>	<b>32%</b>	<b>\$15,037</b>
<b>USES OF FUNDS</b>					
	Salaries & Wages	\$0	\$0	0%	\$0
	Benefits	\$0	\$0	0%	\$0
	Personnel Services	\$0	\$0		\$0
	Services & Supplies	\$16,000	\$5,507	34%	\$11,014
	Capital Outlay	\$0	\$0	0%	\$0
	Debt Service	\$10,000	\$0	0%	\$10,000
	<b>Total Expenditures</b>	<b>\$26,000</b>	<b>\$5,507</b>	<b>21%</b>	<b>\$11,014</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>\$4,023</b>	<b>\$4,023</b>		<b>\$4,023</b>
<b>TRANSFERS &amp; ENCUMBRANCES</b>					
	Transfers In	0	0		0
	(Transfers Out)	0	0		0
	Encumbrances - Sources of Funding	0	0		0
	Encumbrances - (Designated Funds)	0	0		0
<b>NET TRANSFERS &amp; ENCUMBRANCES</b>		<b>\$0</b>	<b>\$0</b>		<b>\$0</b>



**OCEANO COMMUNITY SERVICES DISTRICT  
FUND LEVEL ANALYSIS - QUARTER 3 REVIEW  
EQUIPMENT FUND - 12**

ACCOUNT NO.	EQUIPMENT FUND - 12	FINAL BUDGET FY 2020/2021	ACTUAL AT 3/31/2021	50%	ESTIMATED ACTUAL	2020/21 EST. BUDGET VARIANCE
<b>SOURCES OF FUNDS</b>						
<b>REVENUES</b>						
12-4-3800-001	Lease Revenue from Water	17,075	5,420	32%	8,552	(8,523)
12-4-3800-002	Lease Revenue from Sewer	11,915	3,782	32%	5,968	(5,947)
12-4-3800-005	Lease Revenue from Garbage	1,033	328	32%	517	(516)
<b>Total Revenues</b>		<b>\$30,023</b>	<b>\$9,530</b>	<b>32%</b>	<b>\$15,037</b>	<b>(\$14,986)</b>
<b>OTHER SOURCES OF FUNDS</b>						
		0	0		0	0
<b>Total Other Sources of Funds</b>		<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>
<b>Total Sources of Funds</b>		<b>\$30,023</b>	<b>\$9,530</b>	<b>32%</b>	<b>\$15,037</b>	<b>(\$14,986)</b>
<b>USES OF FUNDS</b>						
<b>SALARIES &amp; WAGES</b>						
		0	0		0	0
<b>Total Salaries &amp; Wages</b>		<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>
<b>BENEFITS</b>						
		0	0		0	0
<b>Total Benefits</b>		<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>
<b>Total Personnel Services</b>		<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>
<b>SERVICES &amp; SUPPLIES</b>						
12-5-4350-171	Maintenance - Vehicles	6,500	1,857	29%	3,715	2,785
12-5-4350-172	Fuel	9,500	3,650	38%	7,300	2,200
<b>Total Services &amp; Supplies</b>		<b>\$16,000</b>	<b>\$5,507</b>	<b>34%</b>	<b>\$11,014</b>	<b>\$4,986</b>
<b>CAPITAL OUTLAY</b>						
12-5-4350-320	Fixed Assets	0	0		0	0
<b>Total Capital Outlay</b>		<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>
<b>DEBT SERVICE</b>						
12-5-4350-320	Equipment Lease	10,000	0	0%	0	10,000
<b>Total Debt Service</b>		<b>\$10,000</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>\$10,000</b>
<b>Total Expenditures</b>		<b>\$26,000</b>	<b>\$5,507</b>	<b>21%</b>	<b>\$11,014</b>	<b>\$14,986</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>\$4,023</b>	<b>\$4,023</b>		<b>\$4,023</b>	<b>\$0</b>

**Oceano Community Services District**

Water Revenue Comparisons - Target to Actual

Billing Periods Ending in:

Fiscal Years 2015/16, 2016/17, 2017/18, 2018/19, 2019/20, 2020/21

	<u>15/16 Target</u>	<u>15/16 Actual</u>	<u>16/17 Target</u>	<u>16/17 Actual</u>	<u>17/18 Target</u>	<u>17/18 Actual</u>	<u>18/19 Target</u>	<u>18/19 Actual</u>	<u>19/20 Target</u>	<u>19/20 Actual</u>	<u>20/21 Target</u>	<u>20/21 Actual</u>
May - July	\$ 393,460	\$ 336,187	\$ 405,040	\$ 390,467	\$ 415,276	\$ 411,935	\$ 428,980	\$ 398,540	\$ 428,760	\$ 402,499	\$ 486,628	\$ 463,594
July - Sept.	\$ 380,230	\$ 359,329	\$ 391,420	\$ 368,608	\$ 401,313	\$ 402,095	\$ 414,556	\$ 403,771	\$ 434,388	\$ 434,372	\$ 484,239	\$ 457,925
Sept. - Nov.	\$ 348,369	\$ 334,971	\$ 358,621	\$ 355,697	\$ 367,685	\$ 359,870	\$ 379,819	\$ 357,085	\$ 384,162	\$ 408,556	\$ 433,706	\$ 437,307
Nov. - Jan.	\$ 290,136	\$ 290,531	\$ 298,675	\$ 321,261	\$ 306,223	\$ 343,440	\$ 316,328	\$ 326,018	\$ 350,739	\$ 319,387	\$ 400,498	\$ 402,231
Jan. - March	\$ 323,358	\$ 300,986	\$ 332,874	\$ 296,186	\$ 341,287	\$ 308,550	\$ 352,550	\$ 286,146	\$ 307,844	\$ 347,461	\$ 355,832	\$ 422,430
March - May	\$ 351,803	\$ 344,349	\$ 362,157	\$ 335,738	\$ 371,309	\$ 350,089	\$ 383,563	\$ 358,893	\$ 386,107	\$ 353,371	\$ 429,057	
Totals	<u>\$ 2,087,356</u>	<u>\$ 1,966,353</u>	<u>\$ 2,148,787</u>	<u>\$ 2,067,956</u>	<u>\$ 2,203,093</u>	<u>\$ 2,175,978</u>	<u>\$ 2,275,795</u>	<u>\$ 2,130,454</u>	<u>\$ 2,292,000</u>	<u>\$ 2,265,646</u>	<u>\$ 2,589,960</u>	<u>\$ 2,183,487</u>
(Shortfall)/Overfall		<u>\$ (121,003)</u>		<u>\$ (80,831)</u>		<u>\$ (27,115)</u>		<u>\$ (145,341)</u>		<u>\$ (26,354)</u>		<u>\$ 22,584</u>

Cumulative Revenue Shortfall: \$ (257,057)

