



March 26, 2015

**TO:** LOCSD Board of Directors  
**FROM:** Michael W. Seitz, District Legal Counsel  
**SUBJECT:** **Agenda Item 9D – 4/2/2015 Board Meeting**  
Policy Statement Regarding Reimbursement of Prepaid Assessments in Regards to the Tri W 218 Election

**President**  
R. Michael Wright

**Vice President**  
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**General Manager**  
Kathy A. Kivley

**District Accountant**  
Michael L. Doyel

**Fire Chief**  
Robert Lewin

**Battalion Chief**  
Phill Veneris

**Mailing Address:**  
P.O. Box 6064  
Los Osos, CA 93412

**Offices:**  
2122 9<sup>th</sup> Street, Suite 102  
Los Osos, CA 93402

**Phone:** 805/528-9370  
**FAX:** 805/528-9377

[www.losososcscsd.org](http://www.losososcscsd.org)

The District has received a number of inquiries in regards to reimbursement for prepaid assessments in regards to the original Tri W assessment vote. As a reference, the original Tri W bonds were sold June 21, 2001. This Memo outlines the District's response and policy in regards to the handling of these matters.

There are two types of prepaid assessments related to the Tri W assessments. The first category is those property owners who prepaid their assessment prior to the sale of the bonds. The second group comprises of those property owners who prepaid after the bonds were sold in order to remove liens from their property. While there is no difference in how any request would be treated, for the purposes of this memo, this discussion relates to the first category of those who prepaid their assessments prior to the sale of the bonds.

A number of creditors' claims seeking reimbursement of prepaid assessments were filed in the Los Osos Bankruptcy. In 2007, the District provided a list of those who prepaid their assessments to the bankruptcy counsel. The bankruptcy counsel objected to the repayment of those reimbursement claims and those objections were upheld by the bankruptcy court.

Since that time, the District has received two small claims cases that requests repayment of prepaid assessments. In both cases, the District successfully defended those claims.

It has come to the District's attention that approximately five (5) prepaid Tri W assessment claims that were not listed in the 2007 transmittal to the bankruptcy counsel, were apparently granted by the bankruptcy court. Those claims for prepaid assessments were repaid at 41 cents on the dollar. The District can take no action in regards to those matters at this time to rectify this mistake which occurred in 2007, as we are bound by the final Court approved Order.

As a result of the Bankruptcy, the County of San Luis Obispo has taken over the authority of collecting and administering the Tri W assessments. A list of those people who received partial refunds of the assessment fees was provided to the County Counsel's office for determination or deposition.

It is the District's policy to deny any claim for reimbursement of prepaid assessments and the District will continue to vigorously defend any such claims.