



June 27, 2018

TO: LOCSO Board of Directors
FROM: Renee Osborne, General Manager
SUBJECT: **Agenda Item 9D – 7/5/2018 Board Meeting**
General Manager Activity for June 2018

President
Vicki L. Milledge

Vice President
Marshall E. Ochylski

Directors
Charles L. Cesena
Jon-Erik G. Storm
Louis G. Tornatzky
Christine Womack

General Manager
Renee Osborne

District Accountant
Robert Stilts, CPA

Unit Chief
Scott M. Jalbert

Battalion Chief
Greg Alex

LOS OSOS LOW INCOME ASSISTANCE FUND

- Letters with the application and HUD requirements have been mailed out to the remaining residents (121) that have not hooked up to the sewer. Flyers were posted around town and posted on Channel 20, Facebook and the District Website.
- Information packets on the program were given to organizations such as People Helping People, South Bay Community Center, Trinity Methodist Church, St. Benedict's Church, Los Osos Cares, and packets left at the District's front office. The full packet is available on the District's website.
- At the time of this report, I had received one application. The deadline is July 20th.

STAFF/FIRE

- Water and Admin staff have been working on the "Records Retention" policy. The list of items to be discarded is provided under Consent Agenda Item 111.
- The District Bookkeeper and I have been reviewing the interest allocation and reserve accounts. I will be submitting a report to the Finance Advisory Committee for their comments and recommendations and then follow up with the Board with a full report.

PARKS AND RECREATION

- The County has agreed to do a term sheet instead of the lease agreement. This will simplify the District's process to start working on other items associated with the Dog Park, without having to complete the CEQUA process first.
- This term sheet was presented to the Parks and Recreation committee on July 3 for their recommendation to the Board.
- The Parks Committee have been reviewing options to remove the rubber chips from the County Park. A recommendation will be presented to the Board at the August 2nd Board Meeting.

NBS

- Attached per the Board's request, is a summary of services provided by NBS. NBS is in constant contact with the District and assists District staff with all matters concerning the Wastewater District #1 Assessments.

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Los Osos Community Services District

Wastewater Assessment District No. 1

Recent Events and Moving Forward

In June 2016, the Los Osos Community Services District (the "LOCSD") received multiple pieces of correspondence from Standard & Poor's Ratings Services ("S&P") regarding the credit rating of the Wastewater Assessment District No. 1 Limited Obligation Improvement Bonds (the "Bonds"). In essence, the correspondence stated that the credit rating on the Bonds would ultimately be suspended until certain information, required to be disclosed annually under the Continuing Disclosure Agreement for the Bonds, was disclosed appropriately. This suspension of the Bonds' credit rating ultimately impacts the LOCSD's ability to issue bonds for funding future development. In July, NBS came to an agreement with the LOCSD to provide ongoing administration services for Wastewater Assessment District No. 1 (the "District") and to immediately assist in gathering the necessary information to meet the continuing disclosure requirements associated with the Bonds.

The first task that NBS assisted the District with was reviewing the Fiscal Year 2016/17 annual levy calculations (prepared by the District's prior consultant) with the information available at the time. NBS later confirmed with the County of San Luis Obispo Auditor-Controller-Treasurer-Tax Collector's Office that the levy information was submitted and processed successfully. Since the levy has been placed on the County of San Luis Obispo (the "County") tax roll, NBS has been regularly addressing assessment-related questions from property owners within the District.

Over the following months, NBS was in contact with the District's prior consultant, the District's paying agent, the County, and other entities that provide municipal bond information to gather various pieces of data about the District. This data was used to set up a parcel database for all currently existing properties in the District boundaries to provide ongoing administration services such as: providing property owners with information about their assessments, tracking payments and parcel changes, calculating quotes for assessment prepayments, preparing future levy calculations, and providing customized reports about District financial information.

The data was also used to prepare a Continuing Disclosure Report that detailed the past five fiscal years of District operation in relation to the Bonds. This Continuing Disclosure Report, along with a copy of the LOCSD Financial Statements for the Fiscal Year ended June 30, 2015, was disclosed on the Electronic Municipal Market Access (the "EMMA") website on October 31, 2016. A Material Event Notice detailing the June rating change on the Bonds will be disseminated on the EMMA website as well. Following the dissemination of the Continuing Disclosure Report, NBS reached out to S&P to inform them of the information's availability. Ultimately, the decision to provide a new credit rating on the Bonds (in light of the disclosed information) is up to the discretion of S&P.

The next Continuing Disclosure Report, for the Fiscal Year ending June 30, 2016, is required to be disclosed on the EMMA website on or before January 31, 2017. NBS is currently undergoing the preparation process for this next disclosure report.

Moving forward, NBS will provide ongoing services to the District, as needed, in the following areas:

Annual Administration - Comprehensive annual management of the District includes parcel management, fund tracking, calculation of assessments, customer service response via toll-free phone, e-mail and mail, annual reporting on District financial status, governing body presentations, and several other complementary services noted below.

Apportionments - NBS can assist in providing apportionment applications, mapping and diagramming, reporting, lien recordation, etc. NBS facilitates both the application and hearing method modes.

Bond Calls - NBS' method for processing bond calls includes the calculation of funds available for a bond call, selection of the appropriate bond maturities, coordination with the paying agent, and an update of the debt service schedule following payment.

Fund Analysis - NBS independently reviews and analyzes the District's funds, and makes recommendations to resolve any issues.

Continuing Disclosure - NBS will ensure that the Bonds remain in compliance with Federal requirements ("Rule 15c2-12") for the continuing disclosure of information. NBS has a process in place to ensure such disclosure is regularly and consistently provided, and also handles the analysis, preparation, and dissemination of all types of disclosure reports.

Cost Recovery - NBS will work closely with the LOCSD to identify various costs associated with District administration that should be recovered via the annual levy, in accordance with established procedures and relevant legal statutes.

Delinquency Management - NBS has developed a comprehensive program for managing delinquencies that includes delinquency tracking, calculations of penalties and interest, correspondence and follow up.

Parcel Tracking - To ensure that all changes in parcel information are documented accurately, NBS will proactively track all parcel changes and maintain historical parcel change data.

Prepayments - Many districts have provisions for prepayment of all or a portion of the obligation. Performing these prepayment calculations is not easy, and there is a real potential for error. NBS understands the complex rules and practices of amortizations and prepayment formulae, and can support the District in ensuring both the calculations are done appropriately and all follow up (release of a lien, bond call, etc.) is completed.