

**Board of Directors  
San Simeon Community Services District**



**SPECIAL BOARD MEETING  
PACKET**

**September 6, 2022  
Meeting Start Time 5:00 pm**

**Virtual Board Meeting via Zoom Webinar**

**Prepared by:**



**GRACE**  
ENVIRONMENTAL SERVICES

**SPECIAL MEETING AGENDA  
SAN SIMEON COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS REGULAR BOARD MEETING  
Tuesday, September 6, 2022  
5:00 pm**

Pursuant to San Simeon CSD Resolution 22-456 and in compliance with AB 361 this meeting shall occur as a virtual teleconference using the Zoom app.

**Internet Meeting Location – Via ZOOM**

**Join Zoom for Regular Board Session:**

<https://us02web.zoom.us/j/87307810050>

**Or One tap mobile:**

**US: +16699009128, 87307810050#**

**Or Telephone:**

**Dial (for higher quality, dial a number based on your current location):**

**US: +1 669 900 9128**

The following commands can be entered via DTMF tones using your **phone's** dial pad while in a **Zoom meeting**: \*6 - Toggle mute/unmute. \*9 - **Raise hand**.

**Webinar ID: 873 0781 0050**

**NOTE:** On the day of the meeting, the virtual meeting room will be open 30 minutes prior to the meeting start time. If you wish to submit public comment in the written format you can email Cortney Murguia at [admin@sansimeoncsd.org](mailto:admin@sansimeoncsd.org). Members of the public can also contact the District office at (805) 927-4778 or (805) 400-7399 with any questions or concerns related to this agenda or accessing the meeting.

**1. REGULAR SESSION:**

A. Roll Call

**2. BUSINESS ACTION ITEMS:**

**Public Comment** – Public comment will be allowed for each individual business item. 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 per person for each business item.

**A. DISCUSSION, REVIEW AND APPROVAL OF A CONTRACT FOR LORI MATHER VIDEO SERVICES FOR THE PERIOD OF THREE YEARS IN THE AMOUNT OF \$19,800.**

**B. DIRECTION TO STAFF REGARDING HIRING A WATER RIGHTS ATTORNEY ON BEHALF OF THE DISTRICT.**

**C. DISCUSSION, REVIEW AND APPROVAL OF GRACE ENVIRONMENTAL OPERATIONS & MANAGEMENT CONTRACT EXTENSION FOR OPERATIONS, MAINTENANCE AND GENERAL MANAGER SERVICES.**

**D. DISCUSSION, REVIEW AND APPROVAL OF DRAFT FINANCIAL POLICY / RESERVE FUND BALANCES.**

**3. PUBLIC HEARING:**

**Public Comment** – This public comment period provides an opportunity for members of the public to address the Board on matters discussed during Agenda Item Public Hearing items. If a member of the public wishes to speak at this time, Public Comment is limited to three (3) Minutes.

**A. FIRST READING AND INTRODUCTION OF ORDINANCE NO. 124 OF THE SAN SIMEON COMMUNITY SERVICES DISTRICT TO ADOPT AND MODIFY THE WATER MORATORIUM.**

**4. BOARD/STAFF GENERAL DISCUSSIONS AND PROPOSED AGENDA ITEMS** – Requests from Board members to Staff to receive feedback, prepare information, and/or place an item on a future agenda(s).

**5. ADJOURNMENT –**

All staff reports or other written documentation, including any supplemental material distributed to a majority of the Board within 72 hours of a regular meeting, relating to each item of business on the agenda are available for public inspection during regular business hours in the District office, 111 Pico Avenue, San Simeon. If requested, this agenda shall be made available in appropriate alternative formats to persons with a disability, as required by the Americans with Disabilities Act. To make a request for a disability-related modification or accommodation, contact the District Administrator at 805-927-4778 as soon as possible and at least 48 hours prior to the meeting date. This agenda was prepared and posted pursuant to Government Code Section 54954.2.



## **BUSINESS ACTION ITEM STAFF REPORT**

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### **ITEM 2.A. DISCUSSION, REVIEW AND APPROVAL OF A CONTRACT FOR LORI MATHER VIDEO SERVICES FOR THE PERIOD OF THREE YEARS IN THE AMOUNT OF \$19,800.**

#### Summary:

Lori Mather Video Services currently provides Board Meeting Recording Services for the District. Her current contract is up for renewal. In accordance with the Policy and Procedures manual, GES staff obtained 4 quotes from other video service companies.

The District received four (4) responsive quotes from the following firms:

- 1) Wise Studio - \$300 for Zoom - \$850 for in person
- 2) AGP Video - \$1600 for 3 hours + \$140 per additional hour (3.5 Hours \$1720)
- 3) Lori Mather Video Services - \$450 for Zoom - \$450 in person
- 4) Central Coast Videography – Declined to provide quote

#### Recommendation:

It is recommended that Board select Lori Mather Video Services to continue performing Videography services on the behalf of the District.

Enc: Quote from Wise Studio  
Quote from AGP Video  
Quote Lori Mather Video Services  
Email response Central Coast Videography

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## Request for Proposal

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**Dustin Wise** <Dustin@thewisestudio.com>  
To: Cortney Murguia <cmurguia@graceenviro.com>  
Cc: Charles Grace <cgrace@graceenviro.com>

Tue, Aug 23, 2022 at 1:13 PM

Hey Cortney,

Thanks for reaching out and I appreciate you laying out those details. This definitely sounds like something we can help you out with.

We could help you record those Zoom meetings for \$300 per meeting. I expect that these will be screen recordings with computer audio and I would need permissions to join the meeting so that I could set it up and ensure everything on my end. We could discuss other details such as how to achieve good visuals and what style of Zoom layout (speaker view, gallery, etc) would work best.

If the board resumes in person meetings we could have a member of our studio come out and film, edit, and deliver for a cost of \$850 per meeting. We could discuss how best to achieve this if you would only like 1 camera angle and how you're normally setting up for audio, etc.

Let me know what you think and feel free to call if you want to discuss further. Thanks!



**Dustin Wise**  
Wise Studio

503-709-0916 / [thewisestudio.com/](http://thewisestudio.com/) 

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Cortney Murguia <cmurguia@graceenviro.com>

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## Request for Costs

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**Nancy Castle** <nancy@agpvideo.com>

Wed, Aug 24, 2022 at 11:53 AM

To: Cortney Murguia <cmurguia@graceenviro.com>

Cc: Charles Grace <cgrace@graceenviro.com>, Steve Mathieu <steve@agpvideo.com>

Courtney,

Here is the body of the email I sent you on April 21, 2022, at 12:50 pm that is in response to your item 3 below.

To clarify, you are seeking a company to provide hybrid meeting services with both audio and video on-site at the SSCSD office. You do not want streaming or archiving on [www.slo-span.org](http://www.slo-span.org), as you put the file on the SSCSD website.

Our rate for services would be \$1,600 per meeting for up to 3 hours of meeting time. Overtime would be calculated at \$140.00 per hour, rounded up in 15-minute increments. For example, a meeting that was 3.5 hours would be invoiced for \$1,720.

This is assuming the SSCSD has an audio system we could receive a feed from, as well as a presentation system for the room. We would need to perform a site visit prior to the first meeting date to see where we would set up our equipment. We would require two tables, with 8 ft preferred, but 6 ft doable with room to set up a small folding table as well. Our cameras are robotic, so they can be positioned out of the way, but able to capture the proceedings appropriately.

As for your item 2, I'm left wondering why you need our services to record a Zoom meeting? You are already doing this, as is apparent from your website. We provide the service of monitoring, recording, steaming and archiving Zoom webinars for \$350 per meeting (plus overtime at the rate above). However, you state you do not stream your meetings and you don't want them archived. We could drop the meeting rate to \$250 to monitor, record and send you a file, if that is your preference.

Let me know what your plans are. If it moves to the point of being an agenda item before the Board, please send me the staff report in advance so that I can comment on it if necessary.

Regards,

Nancy Castle, CFO

AGP Video, Inc.

[390 Preston Lane](#)

[Morro Bay, CA 93442](#)

805/772-2715

*Every day is Thanksgiving Day in Morro Bay*

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# Lori Mather Video Services

COMMERCIAL \* LEGAL\* EDUCATIONAL\* HOME \* GOVERNMENT

8/29/2022

## 3 Year Services Agreement Quote\*

LMVS Fee for providing San Simeon Community Services District (SSCSD)  
Digital File of Board Meetings

### LMVS Either On-Site or Remote Zoom Participation by video & audio

- Meetings: Fee to attend, record, archive, and deliver SSCSD Board Meeting digital file (gavel to gavel meeting and a title page)..... **\$450**
- Special Meetings: Fee to attend, record, archive, and deliver SSCSD Board Meeting digital file (gavel to gavel meeting and a title page)..... **\$450**
- Special Meetings: Fee to attend, record, archive, and deliver SSCSD Special Board digital file **held immediately before or after regular SSCSD Meeting**..... **\$250**

Number of Regular SSCSD Board Meetings per year                    12  
Number of Special SSCSD Board Meetings per year (estimated)    6

- **SSCSD Board Meeting digital video file is gavel to gavel of the meeting with no video content alterations.** Closed session and break times and duration are noted with a Graphics Page.
- Digital meeting files will be delivered to SSCSD within three calendar days.
- Contract can be canceled by SSCSD or LMVS at any time, with a 60-day cancellation notice.
- No charge for LMVS equipment malfunction beyond LMVS control.
- Fee for failure to notify LMVS of SSCSD Meeting cancellation at least 10 hours in advance is \$150.

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Lori Mather Video Services

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San Simeon Community Services District



**\*Details of Quote requested:**

- 1) The meetings currently occur the 2nd Tuesday of each month and start at 5 PM. They last 3-5 hours.
- 2) The meetings are currently being conducted via Zoom, so these costs would be for you to record the meeting and provide a digital copy to the District. We need a per meeting cost for this service.
- 3) Should the Board resume in person meetings, we would need a per meeting cost to come to San Simeon, set up and record our meetings. We would need a digital copy of this file as well. We do not live stream our meetings. We need a per meeting cost estimate for this service as well.
- 4) We need a cost estimate per meeting for any Special Board meetings that might occur. Same need for a digital meeting recording.



Cortney Murguia <cmurguia@graceenviro.com>

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## Request for Cost Proposal

2 messages

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**Cortney Murguia** <cmurguia@graceenviro.com>  
To: centralcoastvideography@gmail.com  
Cc: Charles Grace <cgrace@graceenviro.com>

Sun, Aug 21, 2022 at 7:27 PM

Good evening,

I am contacting you on behalf of the San Simeon Community Services District.

Could you please provide me with a quote to provide video services for our Board meetings. Here is information regarding our meetings.

- 1) The meetings currently occur the 2nd Tuesday of each month and start at 5 PM. They last 3-5 hours.
- 2) The meetings are currently being conducted via Zoom, so these costs would be for you to record the meeting and provide a digital copy to the District. We need a per meeting cost for this service.
- 3) Should the Board resume in person meetings, we would need a per meeting cost to come to San Simeon, set up and record our meetings. We would need a digital copy of this file as well. We do not live stream our meetings. We need a per meeting cost estimate for this service as well.
- 4) We need a cost estimate per meeting for any Special Board meetings that might occur. Same need for a digital meeting recording.

Please let me know if you require any additional information.

Thank you in

**Cortney Upthegrove-Murguia**  
(805) 400-7399 **Mobile**

[www.graceenviro.com](http://www.graceenviro.com)

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**Jonathan C** <jconflenti@gmail.com>  
To: Cortney Murguia <cmurguia@graceenviro.com>  
Cc: centralcoastvideography@gmail.com, Charles Grace <cgrace@graceenviro.com>

Mon, Aug 22, 2022 at 4:03 PM

Hi Cortney,

Unfortunately I wouldn't have the time to do this right now as I have another full time job and we are taking on less video projects right now as my wife and I recently had twins so it's been hard to add to the workload. Thanks for the interest and

if something opens up I'll let you know.

Sincerely,  
Jonathan

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## **BUSINESS ACTION ITEM STAFF REPORT**

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### **ITEM 2.B. DIRECTION TO STAFF REGARDING HIRING A WATER RIGHTS ATTORNEY ON BEHALF OF THE DISTRICT.**

#### Summary:

Directors and members of the public have suggested utilizing the services of a water rights attorney. Staff is seeking direction from the Board.

#### Possible options:

1. Perform a request for proposal (RFP).
2. Obtain verbal or written quotes.
3. Direct hire based on recommendation.

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## **BUSINESS ACTION ITEM STAFF REPORT**

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### **ITEM 2.C. DISCUSSION, REVIEW AND APPROVAL OF GRACE ENVIRONMENTAL OPERATIONS & MANAGEMENT CONTRACT EXTENSION FOR OPERATIONS, MAINTENANCE AND GENERAL MANAGER SERVICES.**

#### Overview of Fact and Circumstances related to the GES contract and any future RFP

- There has been significant confusion as to (1) who would prepare an RFP for Services for Operations, Maintenance and General Manager Services (“RFP”) and (2) the scope of the RFP (i.e. would operations, maintenance, and general manager services be combined or would they be split into three separate RFP’s?) Key dates illustrating the confusion and lack of clear Board direction are as follows:
  - In or around March 2022, Director Donahue contacted Cal Rural Water regarding the preparation of an RFP.
  - On March 8, 2022, Director Donahue reported that Cal Rural Water agreed to prepare the RFP at no charge.
  - On May 6, 2022, at a District Board Meeting, a motion was made to have Oliveira Environmental Consulting to work with District Counsel to provide an RFP. The motion failed 2/2.
  - On June 14, 2022, at a District Board Meeting, Director Donahue expressed that (1) Cal Rural Water should prepare the RFP; and (2) that he wanted three RFPs: one for GM services, one for operations, and one for combined services.
  - Also on June 14, 2022, at a District Board Meeting, a second motion was made to have Oliveira Environmental Consulting prepare an RFP. The motion failed 2/2. A second motion was made that legal counsel would provide the current Grace Environmental Services (“GES”) contract to the Rural Water Corporation (“Cal Rural”) for the creation of an RFP. The Motion passed 3/1
  - On June 17, 2022, Chair Kellas contacted Cal Rural Water asking what steps should be taken.
  - On June 28, 2022, Cal Rural Water provided a template for the District to use to create its own RFP. Cal Rural further stated that if additional

assistance was needed, the Cal Rural Engineering Department could provide that help for a fee.

- On June 29, 2022, legal counsel sent Cal Rural the current GES contract requesting that it be provided to the Engineering department for consideration of a “fee for services” agreement in the creation of the RFP.
- On August 16, 2022, Cal Rural informed Chair Kellas that Cal Rural could not get a proposal for the cost of drafting the RPF until October 2022.
- As of the September 6, 2022, Board meeting, there is still no clear board direction as to who would prepare the RPF or the scope of the RFP.

#### Pending Questions for the Board

- Who will prepare the RFP?
- Will the RFP seek (1) General Management Services; (2) Office management; and (3) Facility Operations and Maintenance as a combined response?
- Will the RFP seek to split (1) General Management Services; (2) Office Management; and (3) Facility Operations and Maintenance in some other manner?
- Does the Board want to consider other General Manager options such as hiring a GM, staff, and operators as District employees?
- Does the District want to consider options such as the County taking control of the service area and infrastructure?
- How much time will it take to explore these options?

#### Time is of the essence

- The current Professional Services Agreement with Grace Environmental Services (“GES”) terminates on January 20, 2023. Pursuant to the current GES contract, GES provides (1) General Management Services; (2) Office Management; and (3) Facility Operations and Maintenance. Essentially, GES provides for the entire operation of the District and the District has no employees or outside management/operational assistance other than occasional consultants. Upon the expiration of the GES agreement, District operations will cease unless a new agreement is reached with GES or a new management and facility operation is in place and functioning.

#### Potential Timeframe for issuing and acting upon an RFP / consideration of the “pending questions” identified above

- The Board will need to decide who will create the RFP and the scope of the RFP as soon as possible (estimate- September/October 2022). *Time estimate assumes the District will not explore options other than contracted services similar to the GES agreement.*
- The firm or person preparing the RFP will need at least one (1) month to prepare the RFP and then the RFP must be approved by the Board and issued (estimate – October/November 2022)



- The Board will likely desire that the RFP is advertised for at least one (1) month to secure a good pool of candidates (estimate December 2022/ January 2023)
- The Board will need time to interview and hire a successful candidate (estimate February/March 2023)
- The Board should anticipate and plan for a time lag between the hiring of a new candidate and the candidate's ability to start working and taking over operations (estimate April/May 2023)

### District Procurement Policy

District Procurement Policy 19.04 (E)(2) provides the procedure for the hiring of professional consultants (such as GES) in amounts exceeding \$50,000 as follows:

**The District may, after following required consultant selection procedures, enter into consultant agreements which contain provisions authorizing their extension or renewal. Recommendations to extend or renew an existing contract with a professional consultant should include a written evaluation of the work performed by the consultant as well as a determination that the rationale for providing for the renewal option in the existing contract remains valid and that the fees being charged are comparable to fees for similar services offered by other consultants at the time of renewal or extension. If the total amount of the contract renewal does not exceed \$5,000, the General Manager, or said designee, may execute a contract amendment to formalize the renewal. If the total amount of the original agreement and any amendments exceed \$5,000, prior Board approval must be obtained.**

Here, the policy does not entirely fit the circumstances because of fast approaching expiration of the GES term. In fact, the current circumstances have illustrated a weakness in the procurement policy, in that the requirement for an RFP in all circumstances limits the Board's flexibility in instances where time is of the essence. The policy does, however, contemplate the extension or renewal of professional services contracts under certain circumstances.

A conceivable approach could be for the Board to consider an amendment to District Procurement Policy 19.04 (E)(2) to allow extensions of professional services agreements where in the best interest of the District; to amend the GES contract term to ensure continued operations and service to the community while the Board considers the identified "pending questions" and the RFP process; and then to begin the with the consultant selection procedure in an orderly and thoughtful manner.

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## **BUSINESS ACTION ITEM STAFF REPORT**

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### **ITEM 2.D. DISCUSSION, REVIEW AND APPROVAL OF DRAFT FINANCIAL POLICY / RESERVE FUND BALANCES.**

#### Summary:

A draft version of the capitalization policy was presented to the Board at the April 12, 2022 Board meeting. During this meeting, the Board asked that these policies be returned to the Budget Committee for their input and review.

Policy input was solicited from the district's auditor and RMS (Contractor working on the waste water Rate Study for the District).

#### Possible options:

- 1) Provide edits and feedback to the policies.
- 2) Approve the polices as presented.

Enc: Investment policy  
Financial policy  
Capitol assets & depreciation policy  
Draft Cash and reserves accounts

## **Investment policy**

**AGENDA ITEM:** \_\_\_\_\_  
**DATE:** 6/25/22  
**Action** \_\_\_\_\_

## San Simeon Community Services District Investment Policy

### Premise:

1. The Legislature of the State of California has declared that the deposit and investments of public funds by local agencies and officials is an issue of Statewide concern. (California Government Code (GC) Sections §53600.6 and §53603.1); and,
2. Government Code Sections §53601, et Seq., allow the legislative body of a local agency to invest surplus liquid assets not required for the immediate necessities of the local agency; and,
3. The fiscal officer of a local agency is required to annually prepare and submit a statement of investment policy and such policy, and any changes thereto, is to be considered by the local agency's legislative body at a public meeting (GC § 63646 (A)).
4. For these reasons, and to ensure prudent and responsible management of the public's funds, it is the policy of the District to invest funds in a manner which will provide the maximum security with the highest investment return while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of the District's funds.

**Scope:** The investment policy applies to all financial assets of the District. These funds are accounted for in the annual audited financial statements of the District and include:

- Demand Accounts
- Local Agency Investment Fund (LAIF)
- Enterprise Funds
- General Funds
- Cash Reserves

**Objectives:** As specified in GC § 53600.5 when investing, reinvesting , purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives of the investment activities, in priority order shall be:

- a. **Safety.** Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the whole portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

- a. **Credit Risk.** The District will attempt to minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:
  - (i) Limiting investments to the safest types of securities.
  - (ii) Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the District will do business.
  - (iii) Diversifying the investment portfolio losses on individual securities will be minimized.
- b. **Interest Rate Risk.** The District will attempt to minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:
  - i. **Structuring the investment portfolio so that securities mature to meet** cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
  - ii. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.
- b. **Liquidity.** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio also may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.
- c. **Yield.** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:
  - a. A security with declining credit may be sold early to minimize loss of principal.
  - b. A security swap that would improve the quality, yield, or target duration in the portfolio.
  - c. Liquidity needs of the portfolio require that the security be sold.

## Standards of Care

- 1. **Prudence.** The Board and persons authorized to make investment decisions subject to these policies are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like

capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Investment officers acting in accordance with written procedures and the investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security credit risk or market price changes, provided deviations from expectations are reported in the next issued quarterly treasury report and appropriate actions are taken to control adverse developments. When a deviation poses a significant risk to the District's financial position, the Board shall be notified immediately.

- 2. Ethics and Conflicts of Interest.** Directors, officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall provide written disclosure of any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Directors, employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the District.

For purposes of this Paragraph 2, a material interest subject to disclosure by Directors, employees and officers shall include both individual/personal financial interest in a financial institution, and any immediate family members' (wife, children, parent) financial interest in a financial institution.

- 3. Delegation of Authority.** Authority to manage the investment program is derived from California Government Code §53600, et seq. Management responsibility for the investment program is hereby delegated to the District Manager as Investment Officer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy and the procedures, and as provided for in Exhibit "A". The Investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

### **Safekeeping and Custody**

- 1. Representative of Authorized Financial Dealers and Institutions.** All financial institutions and broker/dealers, their representatives, Registered Investment Advisors and their

representatives who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited Financial statements
- Evidence of Financial Industry Regulatory Authority (FINRA) membership and verification of Securities Investor Protection Corporation (SIPC) membership.
- Proof of Broker/Dealer affiliation and/or State or SEC Investment Advisor Registration (Form ADV)
- Certification of having read and understood and agreeing to comply with the District's Investment Policy.

An annual review of the financial condition and registration of qualified financial institutions and broker/dealers/ will be conducted by the Investment Officer.

2. **Internal Controls.** The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse. The internal control structures shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgements by the management.

Accordingly, the Investment Officer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures.

3. **Delivery vs. Payment.** All trades where applicable will be executed electronically and/or by delivery vs. payment (DVP) to ensure that securities will be held by a third-party custodial as evidenced by safekeeping receipts.

### **Suitable and Authorized Investments**

The San Simeon Community Services District is empowered by California Government Code §53601 et seq. to deposit and make investment of public funds. For a detailed summary of authorized investment securities, including limitations and special conditions that apply to each, refer to California Government Code §53601 et seq. which is attached and incorporated by reference to this investment policy (Exhibit "B").

### **Investment Parameters**

1. **Diversification.** The investments shall be diversified by:
  - a. Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
  - b. Limiting investments in securities that have higher credit risks,
  - c. Investing in securities with varying maturities, and



- d. Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs), LAIF, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

It has been the past policy and practice of the District to maintain investments and according to the guidelines for specific asset categories as set forth in the California Government Code unless there was a specific and special situation which warranted consideration. At all times, it has been the District's policy to weigh all risks and rewards vs. the District's prudent needs and the Government's guidelines with the objective of avoiding undue investment risk, exposure and concentrations. It is recognized that the Board may at some future date, by duly adopted resolution, adjust this policy.

2. **Maximum Maturities.** To the extent possible, the District shall attempt to match its investments with anticipated cash flow requirements. While the California Government Code §53601 does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of investment has a term remaining to maturity in excess of Two years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three (3) months prior to the investment.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding two (2) years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as LGIPs, LAIF, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

## Reporting

1. **Quarterly Report.** The investment Officer shall file a quarterly report (California Government Code § 53546(b)(1) with the Board of Directors showing the type of investments, institutions, the issuers, maturity dates, par values and current market values of each component of the portfolio, including funds managed for San Simeon Community Services District by third party contracted managers. As specified in California Government Code § 53646(e), if all funds are placed in LAIF, FDIC-insured accounts and/or in county investment pool, or any combination of these, the foregoing

report elements may be replaced by copies of the latest statements from the institutions. The report must also include a certification that:

- a. All investment actions executed since the last report have been made in full compliance with the Investment Policy or the manner in which the investment actions are not in compliance and,
- b. The San Simeon Community Services District will meet its expenditure obligations for the next six months or provide an explanation as to why sufficient money shall, or may, not be available as required by California Government Code 53646(b)(2) and (3) respectively.

The Investment Officer shall maintain a complete and timely record of all investment transactions.

**Investment strategy.** Strategy refers to the ability to manage financial resources in the most advantageous manner.

1. District Reserve Policy. After formulation of the District's annual (fiscal year) budget, and based on projected cash flow forecast and analysis, a determination will be made of projected unrestricted cash reserves to be earmarked for investments (Exhibit "C").
2. Economic Forecasts. Gather economic forecasts periodically from investment brokers and other financial experts to assist in formulation of an investment strategy for the District.
3. Rapport. Maintain a close working relationship amongst the investment team members.
4. Implementing Investment Strategy. Execute investment transactions which conform with the current investment plan and anticipated interest rate trends.

#### **Policy Considerations**

1. Exemption. Any investment currently held that does not meet the guidelines of this policy shall be, for its stated duration, exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.
2. Amendments. This policy shall be reviewed on an annual basis. Any changes must be approved by the Investment Officer and any other appropriate authority, as well as the individual(s) charged with the maintaining internal controls.

#### **List of attachments**

The following documents, as applicable are attached to this policy:

1. Roles and Responsibilities of Investment Team members (Exhibit "A")
2. Investments Authorized Under California Government Code §53601 (Exhibit "B")
3. Local Agency Investment Guidelines (Exhibit "C")

**AGENDA ITEM:** \_\_\_\_\_

**DATE:** 6/25/22

**Action** \_\_\_\_\_

## **EXHIBIT "A"**

### **SAN SIMEON COMMUNITY SERVICES DISTRICT**

#### **Investment Policy**

#### **Roles and Responsibilities of Investment Team**

##### **BOARD OF DIRECTORS**

1. Shall meet bi-annually to review all data and information provided and to establish the investment or reinvestment limits for instruments and securities.
2. Shall review and approve monthly financial and investment reports.
3. Shall annually review, and if necessary, revise the Investment Policy.
4. Shall appoint the Finance Committee members annually.
5. Shall take immediate action to rectify any unlawful investment activities.

##### **FINANCE COMMITTEE**

1. This Committee shall consist of two (2) sitting Board members appointed by the Chairman with Board approval and the District's General Manger/Investment Officer. Authority to manage the investment program is vested in the Finance Committee.
2. The Finance Committee, with the advice of investment brokers and registered investment advisors, shall authorize the purchase of investments and securities within the monetary limits established by the Board of Directors.
3. The Finance Committee shall work together to receive and disseminate the information concerning the investment or reinvestment of funds.
4. Shall make recommendations to the Board as to investment strategies.
5. Is responsible for the overall management and operation of the investment program and shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with the Districts' Policy.

##### **DISTRICT MANAGER/INVESTMENT OFFICER**

1. Shall monitor, with the assistance of the District's council, the investment activities of the District to ensure compliance with all applicable California Government Codes, law and regulations.
2. Shall, with the assistance of the District's council, stay informed of legislation and investment activity of the District to ensure that this policy, all applicable California Government Codes, laws, regulations and the Board's directives are complied with.
3. Shall facilitate transfer of monies between funds and investment institutions, as authorized under this policy, and as directed by the Board of Directors and Finance Committee.
4. Shall monitor the budget tot forecast cash flow requirements.

5. Shall, with the assistance of the District's council, inform the Board of Directors and the Finance Committee of any changes in legislation that might affect this policy, or any activity that does not conform to this policy, applicable California Government Codes, laws or regulations.
6. Shall maintain records and reports of all investment transactions and activity.
7. Shall attempt to match District investments with anticipated cash flow requirements.
8. Shall prepare an investment report at least quarterly that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter.

#### **INVESTMENT BROKERS AND REGISTERED INVESTMENT ADVISORS (OUTSIDE CONSULTANTS)**

1. Shall provide recommendations to the District Manager/Investment Officer Finance Committee and the Board of Directors to aid in Investment decisions.
2. Shall ensure that all transactions handled by his or her company, on behalf of the District, follow all applicable California Government Codes, District Investment Policy, and all applicable laws and regulations.
3. Shall coordinate all activity through, and take direction from the District's Manager/Investment Officer, Finance Committee and Board of Directors as authorized by this policy and Board action, so long as the direction does not violate any applicable California Government Code, District Investment Policy, or any other applicable laws or regulations.
4. Shall provide comprehensive written monthly reports that reflect all activities and the status of investment under his or her control. Such reports which may be provided by the account custodian or other third party shall be delivered to the District office no later than the tenth day of the month following the reporting period.
5. Shall not self-custody any of the District's assets without the specific and explicit approval of the Board of Directors.

#### **DISTRICT'S AUDITOR (OUTSIDE CONSULTANT)**

1. Shall examine records of the various accounts and investments of the District on an annual basis to ensure compliance with this policy and all applicable California Government Codes, and in accordance with all applicable accounting principles and auditing standards.
2. Shall notify and report to the District Manager/Investment Officer, Finance Committee and the Board of Directors of any discrepancies.

## Exhibit "B"

### CALIFORNIA GOVERNMENT CODE SECTION 53600-53608

#### TITLE 5. – DIVISION 2. – PART 1. – CHAPTER 4. - ARTICLE 1. Investment of Surplus

53600. As used in this article, "local agency" means county, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

53600.3. Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

53600.5. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.

53600.6. The Legislature hereby finds that the solvency and creditworthiness of each individual local agency can impact the solvency and creditworthiness of the state and other local agencies within the state. Therefore, to protect the solvency and creditworthiness of the state and all of its political subdivisions, the Legislature hereby declares that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern.

53601. This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body

has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

(a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

(b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(d) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

(e) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(f) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

(g) Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days' maturity or 40 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 30 percent of the agency's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing moneys in its treasury in a manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(h) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) The entity meets the following criteria:

(A) Is organized and operating in the United States as a general corporation.

(B) Has total assets in excess of five hundred million dollars (\$500,000,000).

(C) Has debt other than commercial paper, if any, that is rate "A" or higher by an NRSRO.

(2) The entity meets the following criteria:

(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

(B) Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.

(C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their moneys in eligible commercial paper. Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in

the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decisionmaking authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(j) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on an investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, "significant banking relationship" means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency's activities.

(iii) Acceptance of a local agency's securities or funds as deposits.

(5) (A) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

(B) "Securities," for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

(l) (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and with assets under management in excess of five hundred million dollars (\$500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include commission that the companies may charge and shall not exceed 20 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(m) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements,



may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(n) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(o) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond of a maximum of five years' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by an NRSRO and rated in a rating category of "AA" or its equivalent or better by an NRSRO. Purchase of securities authorized by this subdivision shall not exceed 20 percent of the agency's surplus moneys that may be invested pursuant to this section.

(p) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

(q) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA" or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

53601.1. The authority of a local agency to invest funds pursuant to Section 53601 includes, in addition thereto, authority to invest in financial futures or financial option contracts in any of the investment categories enumerated in that section.

53601.2. As used in this article, "corporation" includes a limited liability company.

53601.5. The purchase by a local agency of any investment authorized pursuant to Section 53601 or 53601.1, not purchased directly from the issuer, shall be purchased either from an institution licensed by the state as a broker-dealer, as defined in Section 25004 of the Corporations Code, or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a savings association or federal association (as defined by Section 5102 of the Financial Code) or from a brokerage firm designated as a primary government dealer by the Federal Reserve bank.

53601.6. (a) A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage-derived, interest-only strips.

(b) A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited instruments until their maturity dates. The

limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) that are authorized for investment pursuant to subdivision (l) of Section 53601.

53601.8. Notwithstanding Section 53601 or any other provision of this code, a local agency that has the authority under law to invest funds, at its discretion, may invest a portion of its surplus funds in deposits at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of deposits. The following conditions shall apply:

(a) The local agency shall choose a nationally or state chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the "selected" depository institution.

(b) The selected depository institution may use a private sector entity to help place local agency deposits with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States and are within the network used by the private sector entity for this purpose.

(c) Any private sector entity used by a selected depository institution to help place its local agency deposits shall maintain policies and procedures requiring both of the following:

(1) The full amount of each deposit placed pursuant to subdivision (b) and the interest that may accrue on each such deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(2) Every depository institution where funds are placed shall be capitalized at a level that is sufficient, and be otherwise eligible, to receive such deposits pursuant to regulations of the Federal Deposit Insurance Corporation or the National Credit Union Administration, as applicable.

(d) The selected depository institution shall serve as a custodian for each such deposit.

(e) On the same date that the local agency's funds are placed pursuant to subdivision (b) by the private sector entity, the selected depository institution shall receive an amount of insured deposits from other financial institutions that, in total, are equal to, or greater than, the full amount of the principal that the local agency initially deposited through the selected depository institution pursuant to subdivision (b).

(f) Notwithstanding subdivisions (a) to (e), inclusive, a credit union shall not act as a selected depository institution under this section or Section 53635.8 unless both of the following conditions are satisfied:

(1) The credit union offers federal depository insurance through the National Credit Union Administration.

(2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally insured credit unions in one or more deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.

(g) It is the intent of the Legislature that this section shall not restrict competition among private sector entities that provide placement services pursuant to this section.

(h) The deposits placed pursuant to this section and Section 53635.8 shall not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose.

(i) Purchases of certificates of deposit pursuant to this section, Section 53635.8, and subdivision (i) of Section 53601 shall not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose.

(j) Excluding purchases of certificates of deposit pursuant to this section, no more than 10 percent of the agency's funds that may be invested for this purpose may be submitted, pursuant to subdivision (b), to any one private sector entity that assists in the placement of deposits with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States, for the local agency's account.

(k) This section shall remain in effect only until January 1, 2017, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2017, deletes or extends that date.

53601.8. Notwithstanding Section 53601 or any other provision of this code, a local agency that has the authority under law to invest funds may, at its discretion, invest a portion of its surplus funds in

certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit, provided that the purchases of certificates of deposit pursuant to this section, Section 53635.8, and subdivision (i) of Section 53601 do not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose. The following conditions shall apply:

(a) The local agency shall choose a nationally or state-chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the "selected" depository institution.

(b) The selected depository institution may submit the funds to a private sector entity that assists in the placement of certificates of deposit with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States for the local agency's account.

(c) The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(d) The selected depository institution shall serve as a custodian for each certificate of deposit that is issued with the placement service for the local agency's account.

(e) At the same time the local agency's funds are deposited and the certificates of deposit are issued, the selected depository institution shall receive an amount of deposits from other commercial banks, savings bank, savings and loan associations, or credit unions that, in total, are equal to, or greater than, the full amount of the principal that the local agency initially deposited through the selected depository institution for investment.

(f) Notwithstanding subdivisions (a) to (e), inclusive, no credit union may act as a selected depository institution under this section or Section 53635.8 unless both of the following conditions are satisfied:

(1) The credit union offers federal depository insurance through the National Credit Union Administration.

(2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally insured credit unions in one or more certificate of deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.

(g) It is the intent of the Legislature that this section shall not restrict competition among private sector entities that provide placement services pursuant to this section.

(h) This section shall become operative on January 1, 2017.

53602. The legislative body shall invest only in notes, bonds, bills, certificates of indebtedness, warrants, or registered warrants which are legal investments for savings banks in the State, provided, that the board of supervisors of a county may, by a four-fifths vote thereof, invest in notes, warrants or other evidences of indebtedness of public districts wholly or partly within the county, whether or not such notes, warrants, or other evidences of indebtedness are legal investments for savings banks.

53603. The legislative body may make the investment by direct purchase of any issue of eligible securities at their original sale or after they have been issued.

53604. The legislative body may sell, or exchange for other eligible securities, and reinvest the proceeds of, the securities purchased.

53605. From time to time, the legislative body shall sell the securities so that the proceeds may be applied to the purposes for which the original purchase money was placed in the sinking fund or the treasury of the local agency.

53606. The bonds purchased, which were issued by the purchaser, may be canceled either in satisfaction or sinking fund obligations or otherwise. When canceled, they are no longer outstanding, unless in its discretion, the legislative body holds them uncanceled. While held uncanceled, the bonds may be resold.

53607. The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

53608. The legislative body of a local agency may deposit for safekeeping with a federal or state association (as defined by Section 5102 of the Financial Code), a trust company or a state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve bank or with any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System, the bonds, notes, bills, debentures, obligations, certificates of indebtedness, warrants, or other evidences of indebtedness in which the money of the local agency is invested pursuant to this article or pursuant to other legislative authority. The local agency shall take from such financial institution a receipt for securities so deposited. The authority of the legislative body to deposit for safekeeping may be delegated by the legislative body to the treasurer of the local agency; the treasurer shall not be responsible for securities delivered to and received for by a financial institution until they are withdrawn from the financial institution by the treasurer.

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## Exhibit "C"

**FIGURE 1**

**ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT  
CODE (AS OF JANUARY 1, 2022)<sup>A</sup> APPLICABLE TO ALL LOCAL AGENCIES<sup>B</sup>**

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY <sup>C</sup>	MAXIMUM SPECIFIED % OF PORTFOLIO <sup>D</sup>	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations— CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40% <sup>E</sup>	None	53601(g)
Commercial Paper—Non-Pooled Funds <sup>F</sup> (under \$100,000,000 of investments)	270 days or less	25% of the agency's money <sup>G</sup>	Highest letter and number rating by an NRSRO <sup>H</sup>	53601(h)(2)(c)
Commercial Paper—Non-Pooled Funds (min. \$100,000,000 of investments)	270 days or less	40% of the agency's money <sup>G</sup>	Highest letter and number rating by an NRSRO <sup>H</sup>	53601(h)(2)(c)
Commercial Paper— Pooled Funds <sup>I</sup>	270 days or less	40% of the agency's money <sup>G</sup>	Highest letter and number rating by an NRSRO <sup>H</sup>	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30% <sup>J</sup>	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50% <sup>K</sup>	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50% <sup>K</sup>	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days <sup>L</sup>	20% of the base value of the portfolio	None <sup>M</sup>	53601(j)
Medium-Term Notes <sup>N</sup>	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple <sup>O,Q</sup>	53601(l) and 53601.6(b)
Collateralized Bank Deposits <sup>R</sup>	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities	5 years or less	20%	"AA" rating category or its equivalent or better	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple <sup>S</sup>	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund <sup>T</sup>	N/A	None	None	16340
Supranational Obligations <sup>U</sup>	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

TABLE OF NOTES FOR FIGURE 1

- <sup>A</sup> Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.
- <sup>B</sup> Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.
- <sup>C</sup> Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
- <sup>D</sup> Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- <sup>E</sup> No more than 30 percent of the agency's money may be in bankers' acceptances of any one commercial bank.
- <sup>F</sup> Includes agencies defined as a city, a district, or other local agency that do not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body.
- <sup>G</sup> Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper and medium-term notes of any single issuer.
- <sup>H</sup> Issuing corporation must be organized and operating within the U.S., have assets in excess of \$500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating agency.
- <sup>I</sup> Includes agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set forth in Section 53601(h)(2)(C).
- <sup>J</sup> No more than 30 percent of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).
- <sup>K</sup> Effective January 1, 2020, no more than 50 percent of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(j)). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30 percent. Investments made pursuant to 53635.8 remain subject to a maximum of 30 percent of the portfolio.
- <sup>L</sup> Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
- <sup>M</sup> Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
- <sup>N</sup> "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."
- <sup>O</sup> No more than 10 percent invested in any one mutual fund. This limitation does not apply to money market mutual funds.
- <sup>P</sup> A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.
- <sup>Q</sup> A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500 million.
- <sup>R</sup> Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.
- <sup>S</sup> A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
- <sup>T</sup> Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.
- <sup>U</sup> Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.

## **Financial Policy**

AGENDA ITEM: **Ver. 2**  
DATE: **6/03/22**  
ACTION: **DRAFT**

**San Simeon Community  
Services District  
Financial Policy**

**Cash Reserve Fund Balances**

The Board of Directors wishes to use this tool to ensure the adequacy of the short and long-term cash resources of the District to meet and minimize the adverse impact of unanticipated expenses and shortfalls in District revenues. This will result in the ability to stabilize the District's rates structures, while providing the financial resources to meet the commitments necessary during unexpected events.

With proper use, the district's liquid resources can be allocated to sustain the District and comply with GASB 54 requirements.

**Fund Types**

- **Nonspendable Fund Balance** – represents an amount that cannot be spent because it is either not in spendable form or legally required to remain intact.
- **Restricted Fund Balance** – represents amounts that are constrained by external parties, constitutional provisions or enabling legislations.
- **Committed Fund Balance** - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action.
- **Assigned Fund Balance** – represents amounts which the district intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority.
- **Unassigned Fund Balance** – represents amounts which are unconstrained in that they may be spent for any purpose.

Due to the limited number of customers and resources, the Board of Directors has directed the use of the least restrictive appropriate fund classification to best meet the unanticipated needs of the District. When an expenditure is eligible for both a restricted and unrestricted reserve balance, the expenditure is to be charged to the most restrictive reserve first.

The District shall establish and maintain a financial structure that provides for adequate and predictable revenues to meet the forecasted requirement or obligations and operational, administrative and policy objectives of the District's Funds. Each fund will be separate, and management of the reserves will be independent of one another.

Based upon prudent financial management practices and required by legal, legislative and



contractual obligations, the appropriate level and separation of cash reserves is critical to the financial health of the San Simeon Community Services District. This policy defines required fund types for segregation purposes for the required funding of the District's Operations. The policy is designed to identify District operations and functions for which reserves should be established and maintained, including risk from unexpected events and expenses, and are detailed as follow:

### **Operating Reserves:**

#### **Assigned Wastewater Operating Reserves**

**Target Criteria Amount: Three (3) months operating costs \$150,000.**

**Timeline: By FYE 2021-22**

#### **Justification:**

- The goal is to mitigate the effects of rate volatility & unexpected events. The majority of the District's revenue is provided by seasonal tourist oriented business that are subject to disruptions by: natural disasters, weather, road closures, pandemics, etc.
- The rate structure is variable in nature to coincide with the business cycle to improve the collectability, etc. It also is a very objective way of measuring actual usage as it is based upon water meter reading.
- Funding will be provided by user fees that are scheduled to increase yearly with the use of the Average Annual Consumer Price Index.

#### **Assigned Water Operating Reserves**

**Target Criteria Amount: Three (3) months operating costs \$150,000.**

**Timeline: By FYE 2021-22**

#### **Justification:**

- The goal is to mitigate the effects of rate volatility & unexpected events. The majority of the District's revenue is provided by seasonal tourist-oriented business that are subject to disruptions by: natural disasters, weather, road closures, pandemics, etc.
- The rate structure is variable in nature to coincide with the business cycle to improve the collectability, etc. It also is a very objective way of measuring actual usage as it is based upon water meter reading.
- Funding will be provided by user fees that are scheduled to increase yearly with the use of the Average Annual Consumer Price Index.

#### **Assigned General Fund Operating Reserves**

**Target Criteria Amount: Four (4) months operating costs \$40,000.**

**Timeline: By FY 2021-22**

#### **Justification:**

- The goal is to ensure adequate cash resources to provide for the General fund's operations including streets, street lighting, weed abatement, and garbage due to any disruption of the cash flow or unforeseen major expenses or events.
- Funding is provided by taxes, a fixed account service fee and anticipated garbage franchise fees.

### **Capital Rehabilitation & Replacement Reserves**

#### **Assigned Wastewater R &R Reserve**

**Target Criteria Amount: When Fund balance equals 100% of Accumulated Depreciation (Current balance \$155,505.)**

**Timeline: Ongoing**

#### **Justification:**

- The goal is to aid in providing capital funding for the rehabilitation and replacement of the existing wastewater treatment facility and upgrades to the collection system to the greatest extent possible.
- The current wastewater treatment facility is believed to have adequate capacity for buildout, but because of a directive by the California Coastal Commission relating to climate change and rising sea levels it is approaching the end of its expected life cycle, the facility must be moved within ten-fifteen years.
- Limited liquid reserves will be provided by future capacity fees, as set forth in the current capacity fee study, (Previously connection fees) due to the remaining life of the existing facility. This coupled with limited demand after the current waitlist is satisfied. (Estimated 85% of buildout will be completed) will require creative and aggressive solutions.
- Funding will be provided annually by contributing into the Wastewater R &R Reserve an amount equal to 100% of the wastewater fund's previous years audited depreciation. In addition, earned capacity fees will also be contributed to this reserve.

#### **Assigned Water R &R Reserves**

**Target Criteria Amount: When Fund balance equals 100% of Accumulated Depreciation (Current balance \$155,785.)**

**Timeline: Ongoing**

#### **Justification:**

- The goal is to aid in providing capital funding for the rehabilitation and replacement of the existing freshwater storage facility and upgrades to the distribution system to better provide adequate fire protection and safety to the greatest extent possible.
- The water system is composed of three components: production, storage, and distribution. Our systems production facilities are at the beginning of their life cycle with the well field facilities having been rehabilitated in the last 10 years and a new RO

facility in the last 5 years. The storage facility is an unground gravity fed storage that is approaching the end of its life cycle. The distribution system is a mixed bag with critical choke points that limit fire flow and need attention.

- With the new upgraded production facilities, the capacity fee study shows a substantial contribution from the waitlist that should provide adequate liquid resources to help move the current storage project forward.
- Funding will be provided annually by contributing into the Water R & R Reserve an amount equal to 100% of the water fund's previous year's audited depreciation ~~minus \$5,000 which will be allocated to the Short-Lived Reserve~~. In addition, earned capacity fees will also be contributed to this reserve.

#### **Assigned General Fund R & R Reserves**

**Target Criteria Amount: When Fund balance equals 100% of Accumulated Depreciation (Current Balance \$43,295.)**

**Timeline: Ongoing**

**Justification:**

- The goal is to provide capital funding for the rehabilitation and replacement of the street improvements and other capital assets of the General Fund.
- Funding will be provided annually by contributing into the General Fund R & R Reserve an amount equal to 100% of the General Fund's previous year's audited depreciation.

#### **Debt Service Reserves**

**Restricted Wellhead Project Debt Reserves: USDA Rural Utilities Services Loan Dated Sept. 23, 2013**

**Target Criteria Amount: \$20,650. (minimum – Board may wish two years over a longer time)**

**Timeline: by FY 2022-23 and throughout the term of the loan**

**Justification:**

- This is a covenant of the Wellhead USDA Loan Agreement and is to be maintained during the life of the loan as per the covenant.

**Restricted Wellhead Project Short-Lived Assets Reserves: USDA Rural Utilities Services Loan Dated Sept. 23, 2013**

**Target Criteria Amount: \$5,000.**

**Timeline: by FY 2022-23 and throughout the term of the loan**

- Amount is set aside for short-lived asset replacement as per covenant.

**Conclusion:**

The Cash Reserve Policy should be maintained, regularly updated, and adhered to as a good business practice. The District' Master Plans should be reevaluated every 5-7 years or as items are identified that might impact the reserve policy's ability to fund the future projects.

The adoptive board realizes that this is a small District and liquid resources are limited. Further they understand that their responsibility is to administer and oversee a holistic system to provide services and safety for all.

Therefore, they wish to provide for procedures to allow one fund's reserve to borrow from another as unexpected events occur. To provide for this process they are adopting Exhibit A to this policy to establish a simple and fair way to reimburse funds for the loans that might be approved in the future. They are based upon the amount of the loan and the time expected for its repayment and are offer here as a guidance for Board actions. These fees may be modified or overridden from time to time as the Board deems appropriate and circumstance justify.

**EXHIBIT "A"**  
**LOAN FEE GUIDANCE**

<b>AGENDA ITEM: Ver. 2</b> <b>DATE: 6/03/22</b> <b>ACTION: DRAFT</b>
--

<u>Loan Term</u>	<u>Amount of Loan</u>	<u>Fees Due at End</u>
One Year or less	Less than or equal to \$50,000.	\$5.00 per \$1,000.
One to Three Years	Less than or equal to \$150,000.	\$5.00 per year*- per \$1,000. *Rounded to nearest ½ year
Three Years or more	\$150,000. Or more	Simple Interest using LAIF's average rate for the term Rounded to nearest month

# DRAFT

**Cash Reserves**

Allocated:	Type	2019	2020	2021	Total	Audit YE 21 Totals	Audit YE 21 Totals	Transfer Unallocated	Before 2022 Y/E Adjust
<b>Water Capital Imp</b>	Assigned	\$53,618	\$55,655	\$43,406	\$153,679	\$155,505	\$155,505		\$155,505 ✓
<b>Wastewater Cap Imp</b>	Assigned	\$53,315	\$55,341	\$42,744	\$151,400	\$155,785	\$155,785		\$155,785 ✓
<b>General Fund Imp</b>	Assigned	\$15,065	\$15,637	\$7,342	\$38,044	\$43,295	\$43,295		\$43,295 ✓
<b>Contingence Reserves</b>	Assigned	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000		
<b>Operational Water</b>	Assigned						\$125,000	\$25,000	\$150,000 ✓
<b>Operational Waste</b>	Assigned						\$125,000	\$25,000	\$150,000 ✓
<b>Operational General</b>	Assigned							\$40,000	\$40,000 ✓
<b>USDA Debt Loan Water</b>	Restricted					\$5,000	\$5,000	\$20,690	\$22,650 ✓
<b>USDA Short Life Asset</b>	Restricted								\$5,000 ✓
<b>Unallocated/Restricted</b>		\$576,332	\$915,299	\$776,189	\$548,237	\$548,237	\$548,237	-110690	\$437,547 ✓
		\$948,330	\$1,291,932	\$1,119,681	\$1,140,360	\$1,152,822	\$1,152,822	\$0	\$1,159,782 ✓

Divide Contingence Reserves between Sewer & Water Operations  
Transfer unallocated to operations & USDA Covenants

## Capital Improvement Projects FY 2022-2023

# DRAFT

### Wastewater Treatment Plant

- **Ocean Outfall Repair** **\$120,000**  
 This is the repair of the outfall line as determined previous inspections involving the loss of support.
  - **WWTP Composite Samplers** \$12,000  
 These are needed for testing and reporting purposes and we need two at approx. \$6,000 ea.
  - **Pipe Bridge Design** \$37,500  
 This is a joint project with the Water Fund for design of a new bridge to support the water & sewer line over Padre de Juan creek.
- Sub Total - \$169,500**

### Water Storage and Distribution

- **Pipe Bridge Design** **\$37,500**  
 This is a joint project with the Sewer Fund for design of a new bridge to support the water & sewer line over Padre de Juan creek.
  - **Disposal of Transite Pipe** **\$15,000**  
 This was extra replacement pipe that will no longer be used, might be class as hazardous material for disposal.
  - **Paint Elevated Wall on Reservoir** **\$10,000**  
 This major repair may be expensed but is listed here for Review.
  - **Tank Reservoir Easement** **\$60,000**  
 This project will complete the easement acquisition, design for the water storage, bid package and project management.
  - **Residential Meter Replacement** **\$90,000**  
 This project is necessary to replace the residential meter.
- Sub Total - \$212,500**

**Capital Improvement Projects  
Continued  
FY 2022-2023**

**General Fund**

- **Pico Stair Repair** \$30,000  
This project is to further stabilize the stairway at Pico Beach access.  
*(Included in future Projects Gen on 22-23 Budget)*
  
  - **Accounting Software Package** \$25,000  
This bookkeeping software is necessary to complete the transition to complete enterprise fund accounting
- Sub Total - \$25,000**
- 
- Total Project Cost FY 2022-23 \$407,000**



## **Capitol Assets & Depreciation Policy**

**AGENDA ITEM:** \_\_\_\_\_  
**DATE:** 4/11/22  
**Action** \_\_\_\_\_

**San Simeon Community Services District  
Financial Policy**

**Capital Assets**

Capital assets have an estimated useful life greater than one year and an individual cost exceeding \$5,000. Capital assets are to be valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life are not capitalized and are to be recorded as yearly expenses.

Capital Assets, which include land, structures, improvements, and equipment are to be funded by charges to the appropriate capital reserve account and transferred to their respective fixed asset category upon installation or completion of the project.

Land is not depreciated or depleted and is funded on a case-by-case basis as determined by the Board of Directors at the time of acquisition.

Construction or work in process is not to be depreciated until it is capitalized upon completion.

Other capital assets or unanticipated major repairs during an asset's life cycle are to be funded from the appropriate capital reserve account or other alternatives as determined by the Board of Directors at that time.

<b>AGENDA ITEM:</b> _____
<b>DATE:</b> 4/11/22
<b>Action</b> _____

**San Simeon Community Services District  
Financial Policy**

**Depreciation**

Capital assets purchased by the District are depreciated over their useful lives (5-50 years) using the straight-line method of depreciation. They are to be reviewed at year end by the District's Auditor and be categorized and assigned during the year end audit.

Beginning with the fiscal year ending June 30, 2019, the Board authorized the annual contribution of the yearly depreciation to the appropriate capital reserve accounts. To improve the budgeting process the Board has updated the authorization to include a contribution equal to 100% of the previous fiscal year's audited depreciation to each fund's assigned capital reserve account. These accounts are assigned for future capital upgrades, expansions, acquisitions, and unanticipated capitalized repairs for the existing facilities.

DRAFT

## **Draft Cash and Reserves Accounts**

SAN SIMEON COMMUNITY SERVICES DISTRICT

Cash Equity portion of Balance Sheet

As of June 30, 2022

	Jun 30, 22	Proposed	Proposed 6/30/22 Balances				Proposed	Comments
	Current Bals District Wide	Amounts To Adjust	Sewer Fd	Water Fd	Gen Fd	Undesignated	Total	
<u>Checking/Savings Accounts</u>								
1010 · Petty cash	150.00					150.00	150.00	no change
1015 · Pac Prem Ckg-6603	58,794.40					58,794.40	58,794.40	no change
1017 · Money Market PPBI								
1017a · Pacific Premier-Money Market	1,085,223.89	(808,766.82)				276,457.07	276,457.07	Undesignated Mon Mkt Bal: \$276,457.07
1017b · USDA short lived asset fund	5,000.00			5,000.00			5,000.00	Cell M10 ties to cell M27 in Equity Section
1017c · USDA Reserved for Loan	0.00	20,690.00		20,690.00			20,690.00	Cell M11 ties to cell M26 in Equity Section
1017d · Operating Reserves	0.00	340,000.00	150,000.00	150,000.00	40,000.00		340,000.00	Cell M12 ties to cell M25 in Equity Section
1017e · Capital Reserves (R&R)	0.00	448,076.82	199,047.69	198,978.10	50,051.03		448,076.82	Cell M13 ties to cell M24 in Equity Section
Total 1017 · Money Market PPBI	1,090,223.89	0.00	349,047.69	374,668.10	90,051.03	276,457.07	1,090,223.89	
1050 · LAIF - non-restricted cash	561.74					561.74	561.74	
Total Checking/Savings	1,149,730.03	0.00	349,047.69	374,668.10	90,051.03	335,963.21	1,149,730.03	
<u>Reserve Accounts</u>								
3204 · Board Assigned for Water CIP	155,505.10	43,473.00		198,978.10			198,978.10	Depn Exp FYE 2021 per Fixed Asset Sched for Water Fund: \$43,473
3205 · Board Assigned for WW CIP	155,784.69	43,263.00	199,047.69				199,047.69	Depn Exp FYE 2021 per Fixed Asset Sched for WW Fund: \$43,263
3206 · Board Assigned for General CIP	43,295.03	6,756.00			50,051.03		50,051.03	Depn Exp FYE 2021 per Fixed Asset Sched for General Fund: \$6,756
Subtotal: Capital Reserves (R&R)							\$ 448,076.82	Cell M24 ties to cell M13 in Cash Section
3207 · BOD committed for Oper Reserves	250,000.00	90,000.00	150,000.00	150,000.00	40,000.00		340,000.00	Cell M25 ties to cell M12 in Cash Section
3211 · Restricted for USDA loan	20,690.00			20,690.00			20,690.00	Cell M26 ties to cell M11 in Cash Section
3212 - Restricted for USDA Short Lived Asset	0.00	5,000.00		5,000.00			5,000.00	Cell M27 ties to cell M10 in Cash Section
3220 · Unrestricted-Undesignated Equity	527,442.38	(188,492.00)	Will adjust after audit			338,950.38	338,950.38	Acct 3220 will change after audit
Draft Net Income as of 6/30/21	(158,556.71)	Will close to acct 3220 after audit			(158,556.71)	(158,556.71)	(158,556.71)	Net Income will close to Acct 3220 after audit
Total Reserves before and after adjustments to make	\$ 994,160.49	0.00	349,047.69	374,668.10	90,051.03	180,393.67	\$ 994,160.49	

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## **PUBLIC HEARING ITEM STAFF REPORT**

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### **ITEM 3.A. INTRODUCTION AND FIRST READING OF ORDINANCE NO. 124 OF THE SAN SIMEON COMMUNITY SERVICES DISTRICT TO ADOPT AND MODIFY THE WATER MORATORIUM.**

#### **SUMMARY:**

The District provides water to its customers from the Pico Creek Valley Groundwater Basin, which has not been adjudicated. The District has a water license (License 12272, Permit 12465) issued from the State Water Board and has a right to the maximum production of 140 acre-feet per year (“AFY”) from Pico Creek underflow. There currently exists a moratorium on the issuance of new water connections within the District originally established by Ordinance No. 61 and extended by Ordinance No. 63, Ordinance No. 66 and Ordinance No. 102.

The District's moratorium on new water connections was implemented due primarily to water quality problems - which were, at least in part, the result of seawater intrusion leading to high chloride concentrations in the water pumped from the Pico Creek Groundwater Basin. After the District's moratorium on new water connections was implemented, the District also established a wait list for property owners that wanted to place a deposit with the District for a new water connection, despite the moratorium being in place.

The “Waiting List” was defined and referenced in the District's Ordinance Nos. 74, 101, 108 and 115, among others. Ordinance 115 required the District to adopt the Waiting List by Board resolution. The Board adopted Resolution 14-369 on or about November 12, 2014, which established the “Waiting List”. On or about October 14, 2020, the District adopted Resolution 20-426, which repealed and superseded Resolution 14-369. Resolution 20-426 included an updated Waiting List and allowed District Staff to amend the Waiting List from time to time.

On or about March 7, 2022, the District staff updated the Waiting List in accordance with Resolution 20-426 (the “Current Waiting List”). Since the moratorium was implemented, the District has taken steps to address its water quality and quantity issues, including, but not limited to, installing a reverse osmosis water filtration system that is used to treat brackish and mineral heavy water pumped from the groundwater basin.

In or around March of 2022, the District retained Akel Engineering Group, Inc. to perform a Water Supply Assessment (the "Akel Assessment") which found, among other things that the groundwater supply for the proposed future developments within the area of the District is expected to meet certain future demands. Specifically, the Akel Assessment determined that during a normal year, the supply of water is projected to exceed demand in 2025 by 37.4 AFY. The Water Supply Assessment also found that the groundwater level was consistent from 2016 to 2020 based on historical metered depths and was not significantly affected by the District's water production - which is historically at 80 AFY. The District's available supply of water and the impact of the District's current water production on District water resources was not fully known or understood until the completion of the Akel Assessment.

The District's Ordinance No. 66, which implemented the moratorium on new water connections on a permanent basis, made the finding that "until the time when such [water] supply is available, it is necessary to continue the existing moratorium." The District concludes that the water quality and quantity issues resulting in the need for the implementation of the current moratorium restrictions on water connections, no longer exists as is currently provided by ordinance. The District finds and determines that, in reliance on the data provided in the Akel Assessment, the District has a sufficient water supply for certain proposed developments on its Waiting List as it existed on the date of the Akel Assessment.

The District also concludes that it can allow for a limited number of additional water connections without a threat to the health, safety and well-being of the people and businesses of San Simeon. Therefore, the water quality and quantity problems necessitating a total moratorium on the issuance of new water connections have been partially alleviated, prompting the Board to amend the water connection moratorium to allow for the issuance of a limited number of new water connections.

If the proposed Ordinance No. 124 is approved by the Board, the District shall allow an additional 37.4 acre-feet of water connections or services on or to properties located within the boundaries of the District to serve those property owners identified on the District's Current Waiting List. In addition, Ordinance No. 61, Ordinance No. 63, Ordinance No. 66, and Ordinance No. 102 will be replaced and repealed in their entirety. The District will also need to develop policies and procedures concurrently with the final adoption of Ordinance No. 124, to regulate and manage the Current Waiting List, any future waiting list, and take any other action reasonable and/or necessary in the management of District water resources.

Ordinance No. 124 is not intended to modify the duties, rights and obligations of the District, or property owners within the District boundaries, with respect to the District's Water Conservation Plan, as it may be amended from time to time.



Recommendation:

It is recommended the Board (1) Introduce ORDINANCE NO. 124, AN ORDINANCE AMENDING AND MODIFYING THE MORATORIUM OF THE ISSUANCE OF WATER CONNECTIONS WITHIN THE BOUNDARIES OF THE DISTRICT; (2) waive the first reading of the Ordinance following a reading of the title in full; and (3) set a public hearing on August \_\_\_\_, 2022, to consider the adoption of Ordinance No. 124.

**ORDINANCE NO. 124**

**AN ORDINANCE OF THE SAN SIMEON COMMUNITY SERVICES DISTRICT  
AMENDING AND MODIFYING THE MORATORIUM OF THE ISSUANCE OF  
WATER CONNECTIONS WITHIN THE BOUNDARIES OF THE DISTRICT**

**BE IT ORDAINED** by the Board of Directors of the San Simeon Community Services District (“District”) as follows:

**SECTION I. FINDINGS.**

The Board of Directors of the District does hereby find, determine, and declare as follows:

A. The District provides water to its customers from the Pico Creek Valley Groundwater Basin, which has not been adjudicated. The District has a water license (License 12272, Permit 12465) issued from the State Water Board and has a right to the maximum production of 140 acre-feet per year (“AFY”) from Pico Creek underflow;

B. There currently exists a moratorium on the issuance of new water connections within the District originally established by Ordinance No. 61 and extended by Ordinance No. 63, Ordinance No. 66 and Ordinance No. 102;

C. The District's moratorium on new water connections was implemented due primarily to water quality problems - which were, at least in part, the result of seawater intrusion leading to high chloride concentrations in the water pumped from the Pico Creek Groundwater Basin;

D. After the District’s moratorium on new water connections was implemented, the District also established a wait list for property owners that wanted to place a deposit with the District for a new water connection, despite the moratorium being in place;

E. The “Waiting List” was defined and referenced in the District’s Ordinance 74, 101, 108 and 115, among others. Ordinance 115 required the District to adopt the Waiting List by Board resolution. The Board adopted Resolution 14-369 on or about November 12, 2014, which established the “Waiting List”;

F. On or about October 14, 2020, the District adopted Resolution 20-426, which repealed and superseded Resolution 14-369. Resolution 20-426 included an updated Waiting List and allowed District Staff to amend the Waiting List from time to time;

G. On or about March 7, 2022, the District staff updated the Waiting List in accordance with Resolution 20-426, which is attached hereto as Exhibit A and incorporated herein by this reference (the “Current Waiting List”);

H. Since the moratorium was implemented, the District has taken steps to address its water quality and quantity issues, including, but not limited to, installing a reverse osmosis water filtration system that is used to treat brackish and mineral heavy water pumped from the groundwater basin;

I. In or around March of 2022, the District retained Akel Engineering Group, Inc. to perform a Water Supply Assessment (the Akel Assessment,") which found, among other things that the groundwater supply for the proposed future developments within the area of the District is expected to meet certain future demands. Specifically, the Akel Assessment determined that 112 AFY of water is available for water supply and water demand is 74.63 AcFt based on the 2022 water supply assessment such that water supply exceeds water demand by 37.4 AFY.

J. The Water Supply Assessment also found that the groundwater level was consistent from 2016 to 2020 based on historical metered depths and was not significantly affected by the District's water production - which is historically at 80 AFY. The District's available supply of water and the impact of the District's current water production on District water resources was not fully known or understood until the completion of the Water Supply Assessment;

K. The District's Ordinance No. 66, which implemented the moratorium on new water connections on a permanent basis made the following finding, that "until the time when such [water] supply is available, it is necessary to continue the existing moratorium";

L. The District concludes that the water quality and quantity issues resulting in the need for the implementation of the current moratorium restrictions on water connections, no longer exists as is currently provided by ordinance. The District hereby finds and determines that, in reliance on the data provided in t the Water Supplement Assessment, the District has a sufficient water supply for certain proposed developments on its waitlist as it existed on the date of the Water Supply Assessment;

M. The District also concludes that it can allow for a limited number of additional water connections without a threat to the health, safety and well-being of the people and businesses of San Simeon;

N. Therefore, the water quality and quantity problems necessitating a total moratorium on the issuance of new water connections have been partially alleviated, prompting the Board to amend the water connection moratorium to allow for the issuance of a limited number of new water connections;

O. District Ordinance No. 61, Ordinance No. 63, Ordinance No. 66 and Ordinance No. 102 and hereby replaced and repealed in their entirety;

P. The District shall implement policies and procedures concurrently with the effective date of this Ordinance, which may be amended from time to time, to regulate and manage ~~the Current Waiting List, any future waiting list, and~~ any other policy deemed reasonable and/or necessary in the management of District water resources.

**SECTION II. AMENDMENT TO MORATORIUM ON WATER CONNECTION.**

A. Except as otherwise provided in this Ordinance, the District shall allow an additional 37.4 acre-feet of water connections or services on or to properties located within the boundaries of the District to serve those property owners identified on the District's Current Waiting List. This amount of additional acre-feet has been established by the Water Assessment Study and is deemed accurate and reliable for purposes of adopting this Ordinance and managing water resources.

B. District Staff is directed to implement policies and procedures concurrently with the effective date of this Ordinance, which may be amended from time to time, to regulate and manage the Current Waiting List and water supply availability for other rate-payers of the District.

C. District Staff is directed to implement policies and procedures deemed necessary and/or appropriate for the management of District water resources.

D. This Ordinance is not intended to modify the duties, rights and obligations of the District, or property owners within the District boundaries, with respect to the District's Water Conservation Plan, as it may be amended from time to time.

E. This Ordinance is not intended to modify the duties, rights and obligations of the District, or property owners within the District boundaries, with respect to the District's water, sewer and service allocation transfer requirements (and related rules and regulations) as discussed in District Ordinance 115 and/or other District policies.

**SECTION III. DURATION OF ORDINANCE.**

The provisions of this Ordinance shall remain in effect until terminated/ revoked by future ordinance or other Board action.

**SECTION IV. NO TAKING OF PROPERTY INTENDED**

Nothing in this chapter shall be interpreted to affect an unconstitutional taking of property of any person. If the Board determines, based on specific evidence in the administrative record, that the application of one or more of the provisions of this chapter to a proposed project would effect an unconstitutional taking of private property, the Board shall disregard such provision or provisions to the extent necessary to avoid such unconstitutional taking.

**SECTION V. CONSTITUTIONALITY.**

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by a Court of competent jurisdiction, such decision shall not affect the validity or the constitutionality of the remaining portions of this Ordinance. The Board of Directors of the District hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, phrase or portion thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portions be declared invalid or unconstitutional.

**SECTION VI. NOTICE OF EXEMPTION.**

This ordinance is exempt from the California Environmental Quality Act (CEQA) under 14 CCR § 15268. The Board directs staff to file a Notice of Exemption with the San Luis Obispo County Clerk's office.

**SECTION VII. EFFECTIVE DATE OF ORDINANCE.**

The Ordinance shall be in full force and effect in thirty (30) days from passage. Within fifteen (15) days of passage, this Ordinance shall be published at least once in a newspaper of general circulation in the County of San Luis Obispo, together with the names of the members of the Board of the Directors of the District voting for and against the Ordinance.

**INTRODUCED** at a regular meeting of the Board of Directors of the San Simeon Community Services District held on the \_\_\_\_\_ day of \_\_\_\_\_, 2022

**AND ADOPTED** at a regular meeting of the Board of Directors of the San Simeon Community Services District held on the \_\_\_\_\_ day of \_\_\_\_\_, 2022, and on the following roll call vote, to wit:

Ayes:

Noes:

Absent:

\_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

APPROVED AS TO FORM:

\_\_\_\_\_  
District Counsel

Exhibit A

Current Waiting List

(attached as separate spreadsheet)

DRAFT

## San Simeon CSD Water Sewer Connection Waitlist

### Exhibit "A" Hook Up Waiting List

Position Number	APN Number	Name	Deposit Amount	Date Added	EDU	AKEL AFY 3/8/22
1		Cavalier Inn Inc. <sup>1</sup>	<sup>2</sup> 0.00	<sup>3</sup> 1/25/1972	4 145 Motel & 2400 sq ft restaurant	11.81
2	013-071-018	Evans	\$425.00	11/16/1975	Retail	0.38
3	013-391-001	Mouchawar	\$30,445.00	6/1/1979	35 Motel	2.58
4	013-031-022	V&H Holdings <sup>5</sup>	\$1,200.00	11/21/2013	1 Residence	0.10
5	013-402-012	Hurlbert Tides San Simeon	\$2,280.00	9/6/1990	6 Condos + 1 irrigation meter	0.65
6	013-402-013	Seifert <sup>7</sup>	\$2,280.00	3/9/2001	6 Condos	0.61
7	013-402-006	Tyo <sup>6</sup>	\$6,840.00	12/11/2013	3 Residences	0.30
8	013-071-009	Hather and/or Hulbert <sup>9</sup>	\$3,420.00	10/8/2014	10 Residences	1.01
9	013-091-030	Sansone, Inc. <sup>8/10</sup>	\$6,552.00	7/11/2018	30.5 (30 Multi-Family EDU + .5 Irrigation)	3.07
10	013-091-032, 013-071-023/024/025	Sansone, Inc.	\$14,706.00	7/11/2018	64.5 (64 Multi-Family EDU + .5 Irrigation)	6.51
11	013-031-049	Sansone, Inc.	\$2,796.00	7/11/2018	10.5 (10 Multi-Family EDU + .5 Irrigation)	1.05
12	013-071-009	Hather and/or Hulbert <sup>9</sup>		11/1/2019	5 EDU Residences	0.51
13	013-071-016	Marcum, Lloyd	\$9,154.60	5/14/2021	13 Residential & 13 retail / mixed Use EDU	6.3
14	013-031-022/013-031-045	V&H Holdings	\$14,050.00	2/22/2022	25 Residential EDU	2.53
<b>*</b> Total AFY demand on the above wait list						<b>37.41</b>
15	013-071-017	Sherry Brajcich	\$1,124.00	7/14/2022	2 Residential EDU	0.20

<sup>1</sup> Cavalier Inn Inc. acquired the rights and obligations of Dalton through bankruptcy proceedings in July 1989.

<sup>2</sup> The deposit of Dalton was forfeited when he failed to comply with the Terms of Agreement with the District.

<sup>3</sup> The Date of the agreement between the District and Dalton.

<sup>4</sup> Per agreement, remaining balance of project after Mouchawar foreclosure on 105 units.

<sup>5</sup> V&H Holdings purchased property and wait list position #4 From Raymond Long.

<sup>6</sup> John & Ann Tyo Purchased property and wait list position #7 from Eva Redwood-Chavez

<sup>7</sup> Seifert purchased the property from Ramirez in 2004.

<sup>8</sup> Sansone, Inc submitted one payment in the amount of \$24,000.00 for positions 9,10 & 11

<sup>9</sup> Hather added 5 edus w/ a deposit in the amount of \$1140 on 11/2019

<sup>10</sup> Sansone submitted payment in the amount of \$54.00 EDU adjust based on previous overpayment

**\*** Akel Engineering WSA 3/8/2022 determined 37.4 AFY available water capable of serving positions 1 through 14