



December 1, 2016

TO: Honorable LOCSD Board of Directors

FROM: Renee Osborne, General Manager

**SUBJECT: Agenda Item 9D – 1/5/2017 Board Meeting
General Manager Activity for December 2016**

STAFF

- All staff, water, fire and administration have been transferred over to ADP, the new payroll service for the District. We will be splitting the fee with Fire. There are 10 District employees plus five Directors (\$49.01 bi-monthly), and a total of 27 Reserves at this time, (\$87.88 bi-monthly) cost for Fire. This cost will go up and down depending on the amount of reserves monthly. This fee covers, time cards, payroll processing, all tax filing services, new hire reporting, electronic reports, employee access, general ledger interface, and some HR services. We will be getting 2 months free because of a sign up promotion. Set up cost is usually \$250, but was also lowered to \$25.

- I met with the Employee Union reps (SLOCEA) to discuss Ann Kudart's and Margaret Falkner's positions and reassignments. The "meet and confer" on 12/5 is sufficient for SLOCEA. Attached you will find the updated Org Chart and the responsibilities for each Ann Kudart and Margaret Falkner.

BOOKKEEPER

- I have been working with District Accountant Ever Ventura (Waterdam) on the changes to the budget presentation, budget summary and the addition of "cash on hand" balances for the balance sheet which were requested at the November Finance Committee meeting. Ever has been made aware of our desire to have a local bookkeeper. Ever understands the need for local help and has agreed to help during the transition. The resolution to terminate the contract with Warmerdam is included as consent agenda 11I.
- The request for proposal (RFP) for the bookkeeper/accountant was sent out to local Certified Public Accountants on December 12, 2016. The deadline for the RFP was December 30, 2016. Robert Stilts was chosen for the bookkeeper/accountant position. Their monthly flat rate to perform the required services needed is \$3,600. The RFP is attached to this report. Robert Stilts' proposal is attached under consent agenda item number 11H.

FIRE

- I have met with Battalion Chief Josh Taylor and discussed current issues and approaches. We went over new payroll procedures and the AP voucher system that will be used with the new bookkeeping/accountant service.
- We had an issue with the sewer lateral. AI's septic was called out to help with much needed pumping of the septic tank and the discovery of an additional tank.
- Fire had some issues with the pipes under the sink and a plumber had to be called out to the Station.
- Staff is assisting with a background check, since only EMTs are covered under the background checks through Cal Fire. The Sheriff's office assisted us with this matter. The District is looking into getting their own Live Scan number for any future issues.

NBS Report

Attached is a copy of the fiscal 2015-2016 Continuing Disclosure Annual Report prepared by NBS for the Wastewater Assessment District No. 1 Limited Obligation Improvement Bonds for Board review. The report must be disseminated by January 31, 2017, as required by the Disclosure Agreement, via the Electronic Municipal Market Access (EMMA) and disseminated via e-mail, facsimile and mail to requesting parties. In addition to the report, the CSD's Audited Financial Statements for the fiscal year ended June 30, 2016 will also need to be filed on the EMMA website to fulfill continuing disclosure requirements. As soon as the auditors are done with the Audit, the 2015-2016 Audit will be forwarded to NBS for posting.

President

Marshall E. Ochylski

Vice President

Jon-Erik G. Storm

Directors

Charles L. Cesena

Vicki L. Milledge

Louis G. Tornatzky

General Manager

Renee Osborne

District Accountant

Warmerdam CPA Group

Unit Chief

Scott M. Jalbert

Battalion Chief

Josh Taylor

Mailing Address:

P.O. Box 6064
Los Osos, CA 93412

Offices:

2122 9th Street, Suite 102
Los Osos, CA 93402

Phone: 805/528-9370

FAX: 805/528-9377

PARKS & REC

- I will be meeting with the County this month to discuss the possibility of the Dog Park at the requested site located next to the County park/tennis courts. The County is open to discussion on making changes to the current "County Park Plan" to include the possibility of a dog park. There are some items that first need to be addressed and/or considered. One of the main issues is the snail/HCP issue. The Parks and Rec Chair and the Board President were informed of the delay in presenting the Feasibility Analysis. Staff hopes to have the results completed by the February meeting.
- The Parks and Rec Committee discussed putting a bench at the Third Street District Well site. Special District Risk Management Authority (SDRMA) has been contacted regarding this site. The site is covered and a bench can be placed in that area. The site has been measured and there is only a 14 feet (East to West) by 40 Feet (North to South) empty space. There is only enough room for either a bench or a picnic table, not both. Having trash and recycle pick up was also discussed. Once a week pick up would cost (32 gallon) \$25.50 per month. Mission Country Disposal has offered to do this service for free. Mr. Edwards has graciously offered to supply the District with the picnic table as a memorial to his daughter, Margay.

BOARD ROOM, UPGRADES & EXPENSES

- Wall and Doors \$3,195 Part of \$4700 Landlord contribution.
- Kitchen Bid from contractor for \$2145 Landlord contribution (\$1500).
- Meathead Movers \$729.00 Misc Dept. Expenses
- IT \$1,264 Coded to Misc Department expenses
- Table covers \$171.96 Coded to Misc Department expenses
- Chairs \$998.60 Coded to 7140 (Assets) Fund 100
- GES donated District pendant

GENERAL

• Grants

I have met with Rob Miller to review/discuss the capital improvement list (CIP), grant possibilities, rate structure, and other items currently under closed session. We are currently preparing for the Prop 1 grant funding opportunities and several other State grants. With the completed CIP list, we can match our needs with the available grants. We will get back to the Board with final submissions.

• Workers Comp for Volunteers

I spoke with SDRMA regarding the workers comp for the volunteers (Resolution 2016-38). It appears that there will be a yearly cost associated with adding the volunteers to the District's workers comp policy. It will cost the District about \$200 a year, depending on volunteer hours reported at the end of the fiscal year.

• Capital Improvements list, Auditors and Assets list

Attached is the Capital Improvements list prepared by Staff and the District Engineer. There are a few items that have been moved around. Please note completed items and items in progress. The Assets list is still in the hands of the Auditors. They are not comfortable releasing it until they have completed the Audit. The Draft Audit will be given to the Board at the February meeting for review.

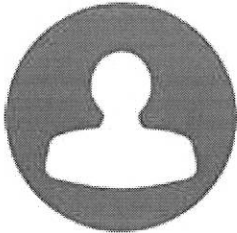
- We have sent our request to Cal Poly to post our intern position. This position would cover our Facebook page.
- As part of our goal to work with Golden State on conservation, Staff collaborated with Golden State on being part of the Super Hero Christmas Parade in Los Osos and look forward to other future possibilities.
- The District received a generous donation from Los Osos resident Jeri Garbutt. She gave us a print of her original painting of an ocean view in Los Osos. This picture is hanging in the front office to be shared by all who enter.
- Staff cleared out and terminated the rental of the District's storage unit at Main Mini Storage (a savings of \$240 a month).

Company Information

Los Osos Community Services District
2122 9th St Ste 102
Los Osos, CA 93402
United States

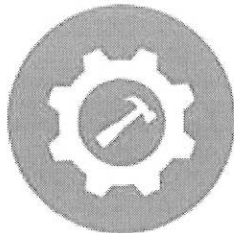
Executive Contact

Renee Osborne
Manager
rosborne@lososocsd.org
(805) 528-9379



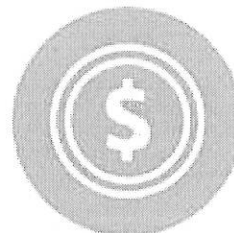
42

Total
Employees



\$25.00

Implementation
Costs



\$1,221,72

Total Annual
Investment

ADP Sales Associate

Shane Logan
District Manager
shane.logan@adp.com
(412) 567-5380



**LOS OSOS
CSD RESIDENTS**

**LOCSD
BOARD OF DIRECTORS**

ADVISORY
COMMITTEES

FINANCE
UTILITIES
EMERGENCY SERVICES
PARKS AND RECREATION

DISTRICT COUNSEL
Roy Hanley

**GENERAL
MANAGER**
Renee Osborne

DISTRICT ENGINEER
Rob Miller

**ADMIN. SERVICES
MANAGER**
Ann Kudart

Outside
Bookkeeping
Service

**WATER
RESOURCE
CREW LEADER**
Frank Asuncion

**UTILITY SYSTEMS
Manager**
(open)

FIRE CHIEF
Josh Taylor

ADMIN/ ACCT Assist.
Bob Santa Cruz (Part Time)

**WATER
RESOURCE
OPERATOR III**
Nate Pall
Rumel Florentino
Robert Diemel

**UTILITY COMPLIANCE
TECH III**
Margaret Falkner

**EXECUTIVE
ASSISTANT
(CAL FIRE)**

(3) Fire
Captain/paramedic
(5) Fire Engineer/
paramedic

**WATER
RESOURCE
OPERATOR I**
(Clint Requa)

**UTILITY
COMPLIANCE
TECH.II**
Jason Zatt

**ADMIN/ACCT
Assist II.**
Liz Radvansky

(25) RESERVE
FIREFIGHTERS

**LOS OSOS COMMUNITY SERVICES DISTRICT
2016-2017 ORGANIZATIONAL CHART**

REVISED 12/16

Ann Kudart
Administrative Services Manager Duties

- Provide highly responsible and complex administrative support to the General Manager.
- Act as Deputy Secretary to the Board of Directors, Deputy District Clerk and Secretary for the District; attend to administrative detail on special matters assigned by the General Manager.
- Provide information to organizations, employees, customers and the general public regarding Board matters.
- Direct, manage, supervise, and coordinate assigned programs and activities within the administrative department including finance, human resources, risk management, information systems, and maintenance.
- Coordinate assigned activities with other departments and outside agencies.
- Plan, direct, motivate, and evaluate administrative department personnel, provide or coordinate staff training; work with employees to correct deficiencies.
- Assume responsibility for all human resources services and activities including classification, compensation and related services. Monitor worker's compensation claims.
- Manage administrative department purchasing and contract administration.
- Coordinate financial activities including accounting/bookkeeping services, Accounts Payable, Accounts Receivable, Payroll services and make recommendations for accounting improvements.
- Participate in the development of the administrative department annual budget; participate in the forecast of funds needed for staffing, equipment, materials and supplies; monitor expenditures; implement adjustments as needed.
- Oversee the preparation of delinquent water account notices of liens.
- Keep up-to-date on relevant Federal, State and local laws, codes and regulations, update District programs and files as needed
- Determine adequacy of administrative department's current information technology requirements; oversee maintenance of District offices; prepare information for Channel 20 and District website; Petty Cash Custodian.
- Serve as the liaison for the administrative department with other district departments and outside agencies; negotiate and resolve sensitive and controversial issues under the direction of the General Manager
- Coordinate, prepare and present clear, concise agendas, staff reports, minutes and other necessary correspondence for the Board of Directors and Standing Advisory Committee activities; acts as Committee Liaison.
- Recommend modifications to administrative department programs, policies and procedures as appropriate.
- Respond to and resolve difficult and/or sensitive citizen inquiries and complaints.
- Coordinate and respond to all Public Records Requests received at the District.
- Prepare payroll reports; payment vouchers; cash disbursement vouchers; process cash receipts (other than water payments).
- Provide responsible staff assistance to the General Manager; serve as a member of the District's management team.

Margaret Falkner

Utility Compliance Technician III Duties

1. Evaluate stormwater program to comply with Municipal Separate Storm Sewer System (MS4) permit.
2. Track changes and objectives of the Utilities Department.
3. Prepare budgets for all funds under the purview of the Utilities Department Including Water Fund – 500; Bayridge Fund – 200, Vista de Oro Fund 400, and Drainage Fund – 800
4. Facilitate communications between field personnel, administrative staff, contractors, and consultants.
5. Maintains certifications with State Water Resources Control Board (SWRCB) Division of Drinking Water (DDW).
6. Continues education in water and stormwater fields.
7. Coordinate and respond to customer service related matters in Utility Department areas.
8. Responsible for supervision and training of subordinate Utility Department personnel.
9. Performs evaluations of Utilities Department personnel including Utility Compliance Technician II; and Water Billing Personnel.
10. Attend Basin Management Committee Meetings.
11. Prepare staff notes for Board of Directors and committees.
12. Security liaison for all facilities.
13. Prepare annual reports for Federal, State and County compliance.
14. Work with District Engineer, consultants, and contactors.
15. Prepare/Update master and operational plans of the department.
16. Determine work priorities of department.
17. Represent the Utilities department for contractor on various projects.
18. Provide the public with as much information as possible regarding the department.
19. Provide backup support to water billing and reception area as needed.
20. Implement district code and regulations as adopted by the Board.
21. Track changes in all areas of the utilities department.
22. Work on special projects as assigned.



LOS OSOS COMMUNITY SERVICES DISTRICT

REQUEST FOR PROPOSAL

FOR BOOKKEEPING/ACCOUNTING SERVICES

I. INTRODUCTION

Los Osos is an unincorporated area of San Luis Obispo County. The Los Osos Community Services District (LOCSD) is a Special District under the State of California and is responsible for water (Baywood Park area), fire protection + emergency medical services, some drainage, limited parks and recreation, and street lighting.

San Luis Obispo County has land use authority, road service, and drainage services throughout the community of Los Osos. All building, planning, and permitting in the community of Los Osos is under the jurisdiction of San Luis Obispo County.

II. SUMMARY OF REQUEST

Los Osos Community Services District (LOCSD) is seeking proposals from Certified Public Accounting practices to provide bookkeeping/accounting services beginning January 15, 2017.

To be considered, a proposal must be received via email in Adobe Acrobat PDF or Microsoft Word format on or before December 30, 2016 at 5:00 pm at the following email address: hanley@hflegal.net. Questions should be directed to LOCSD General Manager Renee Osborne at rosborne@losososcscsd.org.

III. SCOPE OF WORK TO BE PERFORMED AND STANDARDS TO BE FOLLOWED

The firm selected will be responsible for providing the following services:

A. Regular Monthly Basis

- Prepares deposits, takes deposits to bank on a weekly basis, and returns receipts to the District at the end of the month.
- Process Accounts Payable. Responsible for processing approved vendor invoices for payment, prepares warrants for signatures, prepares a warrant correlated budget tracking with accounts payable.
- Prepares periodic statistical and financial reports and records insuring proper classification and distribution of budgeting and cost accounting data.
- Verify the accuracy of journal and ledger postings and makes adjusting entries when necessary.
- Incorporates payroll reporting/expenses from payroll service into budget.
- Prepares budget items, journals, transfers, and other accounting/financial documents.
- Prepares other payment transactions as needed.
- Reconcile District bank statements.
- Prepares the following items for board packet; warrant report, balance sheet and short summary.
- Gathers, assembles, tabulates, posts, proofs, extends balances and summarizes complex financial and statistical data.

B. Annual Basis:

- Prepares 1099s
- Prepares reports for District Auditor once a year from the list below.

- a. General ledgers for the entire fiscal year and the general ledger from July 1 to the date of the audit.
- b. Trial balance as of June 30.
- c. Schedule of revenues and expenses by function for fiscal year ended June 30.
- d. AP list (list of items that make up the accounts payable balance as of June 30).
- e. Reconciled bank statements.
- f. Any other requested information not completed by in house staff.
- h. Prepares other required reporting as necessary.

C. General Support:

- Provide assistance to District staff as needed.
- Provide assistance, guidance, and suggestions to the District to improve internal control procedures.
- Attends Finance committee meetings on an as needed basis.

All computers, printers, software and associated supplies necessary to carry out the requirements of this contract will be provided by the consultant. Work is to be performed off site.

IV. PROPOSAL REQUIREMENTS

The following must be received by the proposal due date or the firm will not be considered:

- **Title Page** - The title page shall show the proposal subject, the firm's name, address, contact person, and the firm's California CPA license number and federal identification number.
- **Cover Letter** - The cover letter should briefly state the proposer's understanding of the work to be performed, commitment to perform the work and statements as to why the firm believes it is the best qualified firm to perform the engagement. The cover letter should also include a statement that the offer is a firm and irrevocable offer for 120 days.
- **Table of Contents**
- **Firm's Qualifications - Qualifications and Related Experience** - Sufficient information should be provided regarding qualifications of the firm to provide the requested scope of work. Provide a listing of current clients in the San Luis Obispo County area similar to LOCSD for which your firm is providing bookkeeping/accounting services. This section shall include the services being provided, a short description of the client, name of the Project manager in your firm responsible for the services provided, and contact information of the client. This section should not be more than two pages. Please confirm your firm's independence with respect to LOCSD. Please comment on your commitment to staff continuity for personnel assigned to this engagement.

- **Qualifications** - Provide sufficient information and related experience of personnel who will perform LOCSD bookkeeping/accounting services. Include resumes of the Project Manager directly responsible for this contract and other professionals directly involved. Lead Project Manager shall have a CPA license. Include all resumes, licenses, education and any other pertinent information of other personnel that shall be working on the LOCSD project. Include an affirmative statement that the firm and all assigned key professional staff are properly registered/licensed to practice in California.

Please provide your firms most recent peer review reports, the related letter of comments, and your firms response to the letter of comments. If there are no peer review reports, please explain why there are none.

- **Approach to Provide Bookkeeping/Accounting Services** - Provide in sufficient detail the firm's approach to LOCSD bookkeeping/accounting services. Include procedures to be performed, by whom they will be performed by, tasks to be accomplished, the utilization of computers in the engagement, what software will be used, consideration of laws and regulations, assistance that will be provided to LOCSD Board and Staff.

Additional Information - Interested firms are encouraged to provide any additional information not otherwise requested that may aid LOCSD in awarding this professional service contract.

- **Professional Service Work Sample** - The firm shall provide with its proposal, sample financial report(s) prepared for a client that the firm believes is representative of professional work of the firm, preferably in an area related to the services being requested. This document will be used in the evaluation process in selecting a firm to provide services to LOCSD. At the request of the firm, the document can be returned immediately after the contract for these services is awarded. Identity of the client may be masked. LOCSD shall treat the professional work sample as confidential.
- **Fees/Hourly Rates** – Please provide a flat monthly rate to perform the scope of work provided. Hourly rates of the firm's employees should be provided for services which may be requested outside of the scope listed.

Classification Hourly Rate

Bookkeeper \$
 CPA \$
 Other \$

Optional extensions of the agreement with a contractor will be subject to review by LOCSD or designated body and satisfactory negotiations of terms, including a price acceptable to LOCSD.

V. EVALUATION OF PROPSALS

LOCSD will evaluate proposals on a fair, comprehensive, qualitative basis. This includes our review of your proposal and related materials, interviews with senior personnel to be assigned to our organization, results of discussions with other clients, and your completeness and timeliness in its response to us.

LOCSD reserves the right to request additional information or clarifications from any proposers or to allow corrections of errors or omissions, or to waive any requirements contained herein. LOCSD reserves the right without prejudice to reject any or all proposals.



Los Osos Community Services District

**Wastewater Assessment District No. 1
Limited Obligation Improvement Bonds**

Continuing Disclosure Report

Fiscal Year Ended: June 30, 2016

Main Office

32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516 Fax: 951.296.1998

Regional Office

870 Market Street, Suite 1223
San Francisco, CA 94102
Toll free: 800.434.8349 Fax: 415.391.8439

LOS OSOS COMMUNITY SERVICES DISTRICT

\$17,990,000
Wastewater Assessment District No. 1
Limited Obligation Improvement Bonds

DATED: November 7, 2002

CUSIP NOS.

<u>MATURITY</u>	<u>CUSIP</u>	<u>MATURITY</u>	<u>CUSIP</u>
2004	54559PAA4	2010	54559PAG1
2005	54559PAB2	2011	54559PAH9
2006	54559PAC0	2012	54559PAJ5
2007	54559PAD8	2017	54559PAK2
2008	54559PAE6	2023	54559PAL0
2009	54559PAF3	2033	54559PAM8

TABLE OF CONTENTS

1.	INTRODUCTION	1-1
2.	CONTENT OF ANNUAL REPORT	2-1
2.1.	Audited Financial Statements	2-1
2.2.	Principal Amount of Bonds Outstanding	2-1
2.3.	Fund Balances	2-1
2.4.	Assessment Prepayments	2-1
2.5.	Delinquency Information	2-2
2.6.	Foreclosure Action	2-2
2.7.	Assessed Value and Unpaid Assessment Information	2-2
3.	SIGNIFICANT EVENTS	3-1
3.1.	Reporting of Significant Events	3-1
4.	CONCLUDING STATEMENT	4-1
5.	APPENDIX	5-1

1. INTRODUCTION

This report (the "Report") provides information to the Electronic Municipal Market Access ("EMMA") in order to comply with the provisions contained in the Continuing Disclosure Agreement (the "Disclosure Agreement") executed by the Los Osos Community Services District (the "LOCSD") in connection with the \$17,990,000 Wastewater Assessment District No. 1 (the "District") Limited Obligation Improvement Bonds (the "Bonds"). The Disclosure Agreement was executed and delivered by the LOCSD for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

2. CONTENT OF ANNUAL REPORT

2.1. Audited Financial Statements

The Audited Financial Statements prepared by the LOCSD for the Fiscal Year ended June 30, 2016 can be found on the EMMA website.

2.2. Principal Amount of Bonds Outstanding

The following table shows the principal amount outstanding on the Bonds as of June 30 and September 3, 2016.

Principal Outstanding	
June 30	\$13,515,000.00
September 3	13,035,000.00

2.3. Fund Balances

The following tables detail the District's Redemption and Reserve Fund balances as of June 30 and September 3, 2016.

Redemption Fund	
June 30	\$878,212.33
September 3	85,150.28

Reserve Fund	
June 30	\$861,168.95
September 3	861,168.95

2.4. Assessment Prepayments

The amount received by the LOCSD from assessment prepayments during Fiscal Year 2015/16 was \$8,838.45.

2.5. Delinquency Information

Below is the levy amount and the amount of delinquent assessments in the District as of June 30, 2016.

Fiscal Year	Levy Amount (1)	Amount of Delinquencies (2)	Percentage of Delinquencies
2015/16	\$1,198,159.36	\$12,081.59	1.01%

- (1) The Fiscal Year 2015/16 levy amount was provided by the San Luis Obispo County Auditor's Office.
(2) The delinquency amount as of June 30, 2016 was provided by San Luis Obispo County Tax Collector's Office.

As of June 30, 2016, there were no property owners with aggregate assessments exceeding 5% of the total unpaid assessments for Fiscal Year 2015/16.

A list of delinquent property owners in the District and the amounts delinquent during Fiscal Year 2015/16 can be found in Appendix B.

2.6. Foreclosure Action

The LOCSD has taken no action to initiate judicial foreclosure on any properties in the District with delinquent assessments during Fiscal Year 2015/16.

2.7. Assessed Value and Unpaid Assessment Information

The table below details the total assessed value of all parcels with unpaid assessments within the District as of January 1, 2016.

Fiscal Year	Total Assessed Value (1)
2015/16	\$1,262,347,530.00

- (1) Total Assessed Value is the total Land Value plus total Structure Value per San Luis Obispo County secured property data as of January 1st of the referenced fiscal year.

3. SIGNIFICANT EVENTS

3.1. Reporting of Significant Events

According to the Disclosure Agreement, significant events are as follows:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on the debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the security.
7. Modifications to rights of security holders.
8. Bond calls.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the securities.
11. Rating changes.

Notice of Listed Events described above as items (8) and (9) need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution of Issuance.

4. CONCLUDING STATEMENT

This Continuing Disclosure Report was prepared on behalf of the LOCSD in accordance with the Disclosure Agreement of the Bonds, in order to provide required information to the marketplace as provided for under S.E.C. Rule 15c2-12(b)(5). Such required information may include, but not be limited to, annual financial information, certain operating information and disclosures concerning specific events.

NBS has relied upon information provided by sources which are believed to be reliable without independent verification. The reader understands and agrees that NBS is entitled to rely on all information and documents supplied to NBS by the LOCSD or any of its agents or contractors and other government sources or proxies thereof as being accurate and correct and NBS has no obligation to confirm that such information and documentation is correct and that NBS has no liability if such information is not correct.

The information contained within this report, has been reviewed, approved and authorized for dissemination to the EMMA by the LOCSD.

Los Osos Community Services District

Board President

5. APPENDIX

The following pages show the referenced Appendix for the Report for the Fiscal Year ended June 30, 2016.

APPENDIX A: DELINQUENT PROPERTY OWNERS

The following pages provide information from the San Luis Obispo County Tax Collector's Office regarding delinquent property owners in the LOCSD subject to District assessments as of June 30, 2016.



32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516
Fax: 951.296.1998
www.nbsgov.com

MATERIAL EVENT NOTICE

Issuer: Los Osos Community Services District
Bond Issue: \$17,990,000
Wastewater Assessment District No. 1 Limited Obligation Improvement Bonds
Date of Issuance: November 7, 2002

CUSIP NOS.

<u>MATURITY</u>	<u>CUSIP</u>
2017	54559PAK2
2023	54559PAL0
2033	54559PAM8

Material Event: Rating Change

Material Event Notice:

On June 21, 2016, Standard & Poor's Ratings Services performed a rating change detailed in the attached report.

Contact Information:

NBS
(800) 676-7516
disclosure@nbsgov.com

RatingsDirect®

Summary:

Los Osos Community Services District Wastewater Assessment District No. 1, California; Special Assessments

Primary Credit Analyst:

Kaiti Wang, San Francisco (1) 415-371-5084; kaiti.wang@spglobal.com

Secondary Contact:

Alyssa B Farrell, Centennial (1) 303-721-4184; alyssa.farrell@spglobal.com

Table Of Contents

Rationale

Related Criteria And Research

Summary:

Los Osos Community Services District Wastewater Assessment District No. 1, California; Special Assessments

Credit Profile

Los Osos Comnty Svcs Dist Wastewtr Assess Dist No. 1 SPCLASMT (MBIA) (MBIA of Illinois)

Unenhanced Rating

NR(SPUR)

Suspended

Many issues are enhanced by bond insurance.

Rationale

S&P Global Ratings has suspended its 'BBB-' underlying rating (SPUR) on Los Osos Community Services District Wastewater Assessment District No. 1, Calif.'s series 2002 limited obligation improvement bonds. At the same time, S&P Global Ratings has removed the rating from CreditWatch with negative implications. This action follows repeated attempts by S&P Global Ratings to obtain timely information of satisfactory quality to maintain our rating on the securities in accordance with our applicable criteria and policies. The suspension of this rating was preceded, in accordance with our policies, by any change to the rating that we consider appropriate given available information.

Related Criteria And Research

Related Criteria

- USPF Criteria: Special-Purpose Districts, June 14, 2007
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

Procedures For Suspending Ratings In U.S. Public Finance Due To Insufficient Information, Aug 25, 2011

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on the S&P Global Ratings public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Copyright © 2016 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.



**LOS OSOS
CSD RESIDENTS**

**LOCSD
BOARD OF DIRECTORS**

ADVISORY
COMMITTEES

FINANCE
UTILITIES
EMERGENCY SERVICES
PARKS AND RECREATION

DISTRICT COUNSEL
Roy Hanley

**GENERAL
MANAGER**
Renee Osborne

DISTRICT ENGINEER
Rob Miller

**ADMIN. SERVICES
MANAGER**
Ann Kudart

Outside
Bookkeeping
Service

**WATER
RESOURCE
CREW LEADER**
Frank Asuncion

**UTILITY SYSTEMS
Manager**
(open)

FIRE CHIEF
Josh Taylor

ADMIN/ ACCT Assist.
Bob Santa Cruz (Part Time)

**WATER
RESOURCE
OPERATOR III**
Nate Pall
Rumel Florentino
Robert Diemel

**UTILITY COMPLIANCE
TECH III**
Margaret Falkner

**EXECUTIVE
ASSISTANT**
(CAL FIRE)

(3) Fire
Captain/paramedic
(5) Fire Engineer/
paramedic

**WATER
RESOURCE
OPERATOR I**
(Clint Requa)

**UTILITY
COMPLIANCE
TECH.II**
Jason Zatt

**ADMIN/ACCT
Assist II.**
Liz Radvansky

(25) RESERVE
FIREFIGHTERS

**LOS OSOS COMMUNITY SERVICES DISTRICT
2016-2017 ORGANIZATIONAL CHART**

REVISED 12/16