



Aerial view of Los Osos
Via Google Earth

LOS OSOS COMMUNITY SERVICES DISTRICT

proposal to provide:

**Assessment District and bond
Administration Services**

June 8, 2016

OFFICE LOCATIONS:

Temecula – Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

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Davis, CA 95616

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Irvine, CA 92614

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June 14, 2016

Mr. Peter Kampa
Interim General Manager
Los Osos Community Services District
2122 9th Street, Suite 102
Los Osos, CA 93402

Subject: Proposal to Provide Assessment District and Bond Administration Services

Dear Mr. Kampa:

We understand that the Los Osos Community Services District (Los Osos) desires to engage an experienced and robust consultant team to provide **ongoing** Special Assessment District and Bond Administration Services for its Wastewater Assessment District No. 1. In addition, there is an **immediate** need to review data for disclosure purposes and ensure the tax roll is in good shape. There are many technical aspects required for this work, along with an attention to detail. In addition, a strong data management system is required.

We believe that NBS represents the **strongest and most experienced team of Special Assessment District consultants** in the Golden State, with a company track record of 20 years in this field. Many NBS team members have years of experience with traditional Special Assessment Districts. We currently provide these same services to dozens of local agencies in practically every California county (44 of 58 counties), including San Luis Obispo County. We have experience with such Districts from the very small to many hundreds of thousands of parcels, **including many similar assessment districts with large parcel counts.**

NBS staff assigned to this project have relevant experience in assessment district research, review and analysis (and one lives in SLO County). NBS' proprietary assessment administration software, called D-FAST ®, is in use from Alaska to Florida: Most importantly, D-FAST is our internal tool to manage your important data, but it can also serve as a real-time web-based data portal for your staff. The attached proposal is demonstration of our collective experience.

We are ready to commence research, and provide the full annual services starting now or this Fall. Should you have any questions or concerns please contact us at 800.676.7516 or feel free to email myself at tseufert@nbsgov.com, or our President & CEO Mike Rentner at mrentner@nbsgov.com.

Thank you,

Tim Seufert
Managing Director, Client Services

Michael Rentner
President/CEO

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Image courtesy of losososcsd.org



Section 1. Experience and Qualifications

Firm Overview



NBS is an independent firm proudly serving local governmental agencies, including cities, towns, counties, and many special districts such as the Los Osos Community Services District (Los Osos). Since 1996, NBS has assisted these agencies with specific public finance projects related primarily to the use of Special Financing Districts (SFD) including bonded assessment districts and special tax districts. In addition, NBS has expert consultants in areas such as utility rates, general fees, cost allocation plans and other local government finance realms. NBS is staffed with seasoned experts who are dedicated to providing our clients with the best possible results; 40 consultants contribute extensive experience in the fields of finance, management, and local governance.

NBS provides SFD consulting and administration services focusing on the formation and ongoing administration of Assessment Districts (ADs), Community Facilities Districts (CFDs), Business Improvement Districts (BIDs), Lighting, Landscape, Maintenance Districts (LMDs), property-related fee districts, and special parcel tax districts. Ongoing administration services include tasks such as apportionments, arbitrage rebate calculations, bond calls, bond tender programs, construction reimbursements, continuing disclosure, cost recovery, delinquency management, fund analysis; prepayments, tax roll preparation, and telephone/email support. NBS has also developed a proprietary software product, called D-FAST®, for such extensive administration. Real-time online access is also available for Los Osos staff. NBS also utilizes the latest available technology including Microsoft products and GIS tools

Ultimately, we believe the most important quality NBS offers public agencies is a strong track record, as demonstrated by:

- Continuous growth of client base
- High client retention rate
- Strong client references

Office Locations

NBS has four offices to serve clients: Temecula (headquarters), San Francisco, Davis and Irvine. Additionally, a few NBS staff work remotely from their home offices, including one staff member in San Luis Obispo. Although most of our proposed project team would be deployed from our Southern California location, the Client Services Director for this engagement is located in Northern, California. He will ensure that the project team meets the highest standards of service in supporting the District for this project.

Company Information

Legal Name: NBS Government Finance Group dba NBS
Address: 32605 Temecula Parkway, Suite 100
Temecula, CA 92590
Phone: 800.676.7516
Type of Entity: California S Corporation

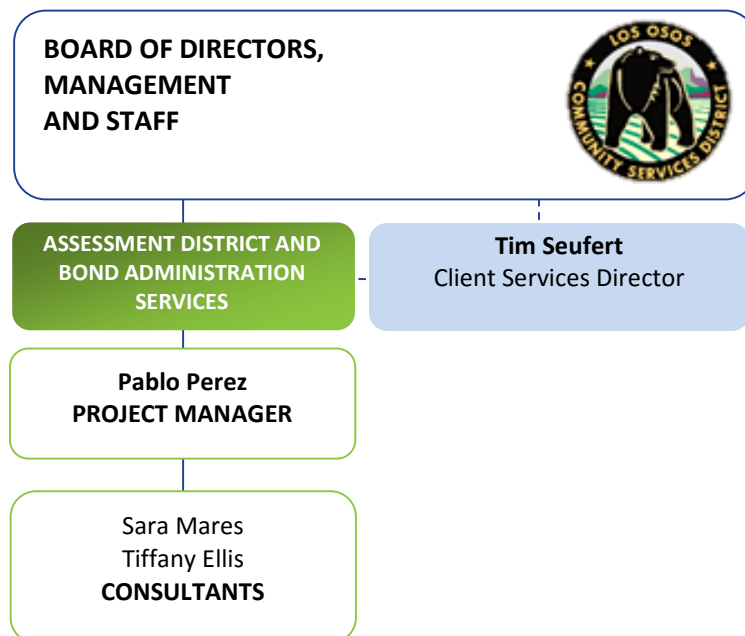


Key Staff and Qualifications

NBS is staffed with seasoned experts who are dedicated to providing our clients with the best possible results. The NBS staff assigned to Los Osos are fully conversant with current assessment district administration practices and related changes to laws, codes, and regulations affecting local governments. Recognized as leaders in their field, they are often asked to teach continuing education courses, serve as expert witnesses, and participate in workouts for troubled agencies. In addition, NBS team members work with our clients as partners by developing an intimate knowledge of their needs and responding with strategic and timely solutions.

The proposed team members offer over 50 years of combined expertise in Assessment District Administration services. NBS certifies that the following individuals will perform the work on this contract for Los Osos (full resumes detailing each staff member's experience and qualifications can be found in the appendix at the end of this proposal):

Exhibit A.
NBS Project Team
for the Los Osos
Community Services
District



Project Team Overview

Pablo Perez Project Manager

Roles and Responsibilities: Mr. Perez will oversee the technical aspects of the project, make presentations as needed, and be available for contact with Los Osos staff. He will work with Los Osos' designated project manager and our team members.

Brief Background: Pablo Perez is a Director with NBS. He has over 20 years of experience working with public agencies all over California on Special Assessment and Tax Districts. He is actively involved in the daily management of district administration operations, the preparation of the annual special assessment levies, and the management of related projects including delinquency management and judicial foreclosure.

In addition, he has been at the forefront of the interpretation and implementation of Proposition 218, Proposition 26. Pablo holds his BA Degree from California Baptist University and is currently pursuing an MA in Political Science with a concentration in Public Policy.

Sara Mares

Senior Consultant

Project Roles and Responsibilities: Under the direction of Mr. Perez, Ms. Mares will be the primary consultant for the Los Osos project. She will work closely with Los Osos staff, and be in regular communication with staff, the County, the bond refinancing team, and others involved in the process.

Brief Background Sara Mares is a Senior Consultant with NBS. She forms and administers SFD's, including 1913 Act Assessment Districts, Community Facilities Districts, Landscape and Lighting Districts, and Benefit Assessment Districts. She has significant experience with ongoing special district administration including working with troubled districts, annual levy submittal, delinquency management, and continuing disclosure. Sara also has experience working with all aspects of the formation process, including planning, project management, budget analysis, development of Rate and Method of Apportionment and Engineer's Reports and presentations.

Tiffany Ellis

Consultant

Project Roles and Responsibilities: Under the direction of the Project Manager, Mrs. Ellis will serve as an additional contact for Los Osos staff and will provide additional technical analysis as warranted throughout the project.

Background: Tiffany Ellis is a Consultant at NBS where she forms and administers special financing districts including 1913/1915 Act Assessment Districts, Mello-Roos Community Facilities Districts, Landscape and Lighting Districts, Benefit Assessment Districts, and Energy Assessment Districts. She is actively involved in the daily tasks of district administration operations. Tiffany is based in San Luis Obispo.

Tim Seufert

Client Services

Project Roles and Responsibilities: In addition to our direct project team members, NBS assigns another director to this engagement in both a Client Services and trouble-shooting role. Tim Seufert will provide corporate representation for the project, ensuring the team meets the high quality service delivery standards that differentiate NBS from other firms.

Brief Summary of Qualifications: Tim Seufert is a Director with NBS in the San Francisco office. He has a dozen years of local government experience with all manners of local governmental revenues, including significant experience in administering special assessment and tax districts. He also has a decade of corporate financial experience. Mr. Seufert is involved with local government projects from the inception and feasibility stage to their completion, and has been active with municipalities, school districts, counties, and fire and other special districts. He has been a presenter at training seminars, and author on local government finance issues.



Subcontractor/as needed

NBS has a long standing partnership with the BLX Group, the *leading firm* in the Nation for arbitrage rebate services. The BLX Group is uniquely qualified to provide these services and offer a legal review, with NBS coordinating activities for Los Osos. Together with the BLX Group, NBS will tailor a compliance program specifically suited to Los Osos' arbitrage rebate needs.



Representative Examples of Project Experience

The projects presented below are representative of the NBS team's experience. We note that, while some firms may provide long lists of "firm-wide" projects, we have provided projects that our team members have personally performed and managed, thereby demonstrating the hands-on experience we will bring to this project.

Special Financing District Administration

City of Sacramento

The City of Sacramento has approximately 80 SFDs with over 120,000 parcels. NBS handles a full range of administration services including day-to-day management; data maintenance and updates; preparing and disseminating Continuing Disclosure Reports; performing Apportionments of assessment district liens; responding to payoff calculation and other informational requests; monitoring and following up on delinquencies; and submitting the correct levy information to the County. The City also utilizes NBS' proprietary software, D-FAST Online, for enhanced access to all of their district and parcel information on a real time basis via an Internet link to NBS' principle office.



Client Contact:

Janelle Gray, Debt Manager
(P) 916.808.8296
(E) jgray@cityofsacramento.org

Special Financing District Administration

City of Patterson

The City of Patterson utilizes special tax CFDs, Landscape Maintenance Districts, 1913/1915 Assessment Districts, and Benefit Assessment Districts to support infrastructure and services. The City currently has 42 districts representing over 12,600 parcels.

NBS provides a full range of support services to the City providing the annual administration of numerous Districts for the City including budget analysis, parcel tracking, Engineer's Report preparation, development of the assessment roll, interfacing with the County Auditor-Controller as well as providing an information resource for property owners and other interested parties.

NBS has also assisted the City with the formations of new districts. This includes compliance with Proposition 218 requirements and the various enabling codes.

Client Contact:

Minnie Moreno, Finance Director
(P) 209.895.8046 x327
(E) mmoreno@ci.patterson.ca.us



Assessment District Administration

Olivenhain Municipal Water District

NBS administers the Water Storage Project Reassessment District 96-1R for the Olivenhain Municipal Water District in San Diego County. This Assessment District comprises over 23,000 parcels.

NBS has provided annual administration, apportionments, reporting and analysis for a number of years.



Client Project Manager:

Rainy Selamat, Finance Officer
(P) 760.753.6466
(E) rselamat@olivenhain.com

Assessment District Administration

City of Antioch

The City of Antioch retained NBS to administer a large and complex series of bonds for the Lone Tree Corridor Assessment District. This 1915 Act Assessment District in Contra Costa County comprises over 6,000 parcels. NBS has provided annual administration, apportionments, reporting and analysis for a number of years.



Client Contact:

Dawn Merchant, Finance Director
(P) 925.779.7055
(E) dmerchant@ci.antioch.ca.us

Special Financing District Administration

City of Atascadero

NBS provides ongoing administration to the City of Atascadero in San Luis Obispo County for multiple special assessment and tax districts including Community Facilities District No. 2005-1 (Public Services), Atascadero Street and Storm Drain Maintenance District No. 1 (Apple Valley), Landscape and Lighting District No. 1 (Apple Valley), Street and Storm Drain Maintenance District No. 3 (De Anza Estates), Landscape and Lighting District No. 3 (De Anza Estates), Street and Storm Drain Maintenance District No. 2 Las Lomas (Woodridge), and Landscape and Lighting District No. 2 Las Lomas (Woodridge).



Client Contact:

Jeri Rangel
(P) 805.461.5000
(E) jrangel@atascadero.org



1913/1915 Act Refunding/Reassessment

City of Scotts Valley

The City of Scotts Valley (“City”) retained **NBS** to act as the Reassessment Engineer for a total of twelve (12) troubled 1913/1915 Act bonded assessment districts: This included nine districts that were part of a Public Financing Authority (“PFA”), and three others. These districts were part of a tangled web of delinquent bonds and a problematic PFA structure. The City required a highly experienced Reassessment consultant with strong financial acumen. Most importantly, the City needed a firm with a strong background in the area of reassessments and assessment administration.



Client Contact:

Stephen Ando, City Manager
(P) 831.440.5610
(E) sando@scottsvally.org

Assessment Administration and Analysis

Bel Marin Keys CSD

The Bel Marin Keys Community Services District retained NBS to provide consulting services related to multiple assessment districts which were established to fund waterway navigational locks, dredging and pier extensions. Some of the associated bonds were issued, while some were delayed due to ensuing legal and environmental issues. In the meantime, assessments were collected from property owners resulting in large cash balances that were only partially required for debt service payments. Through NBS’ research, review and analysis, the outstanding bonds were paid in full and all remaining cash was refunded to property owners, taking into account prepayments, delinquencies, and other pertinent factors.



Bel Marin Keys Community

Client Contact:

Madeline Thomas, District Manager
(P) 415.883.4222
(E) office@bmkcsd.us

Section 2. Project Approach and Scope of Work

Project Approach

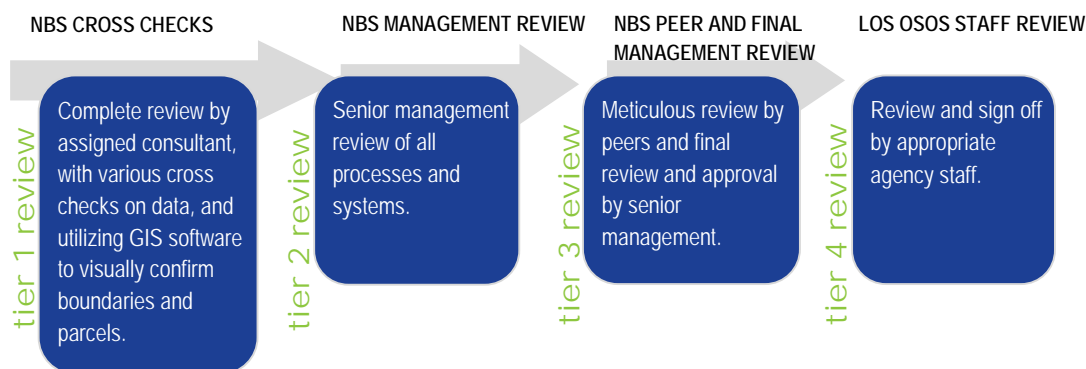
NBS approaches this project as a problem solver. Understanding the history of Los Osos and the wastewater project, including political turmoil, bankruptcy and the eventual project work by the County, our aim is to make Los Osos look good in front of its stakeholders, property owners, Board, and other interested parties. To that end, NBS is extremely sensitive to the public needs of this project, timeline, and issues of data accuracy.

At the inception of the work, NBS will schedule an all-hands meeting and develop an annual timeline to achieve the goals and deadlines, as needed. Our methodology will be to meet upfront with the Los Osos staff and agree to best practices and appropriate milestones. Our team will approach this project as an expert resource and as an extension of District staff. NBS offers **customized services** and can provide client tailored services to Los Osos beyond the standard scope of services.

Quality Control

The following figure (Figure 1) demonstrates NBS' approach to quality of work and attention to detail. All reports must go through a multiple review process. Prior to commencement of each administration period, report standards and processes are reviewed and improved as necessary.

Figure 1. NBS Quality Control Process



Communication

As part of our approach, NBS will meet up front with Los Osos staff and on an annual basis to determine the communication preferences and tailor the way we administer the district. At this kick-off meeting, Los Osos staff will have the opportunity to talk with the assigned Consultant, Sara Mares, who will be the **day-to-day point of contact**. Note that NBS' policy is to respond to emails and return calls within a 24 hour period.

Expert Resource

NBS requires all employees to continuously attend training and growth seminars provided by in-house experts and outside sources. In addition, managers and directors are required to present at training and growth seminars provided in-house and by outside sources. Refresher training sessions are also frequently implemented in order to discuss and remind staff of key issues from the training sessions.

Scope of Services

NBS will provide all services as listed in this Scope of Services section. In addition, it is noteworthy that NBS will also provide a coordinated apportionment process with application forms, a delinquency management policy discussion, and provide D-FAST Online for Los Osos staff to have direct real-time access to the assessment and parcel data. It is our understanding that an initial data review and “set up” process will be necessary to confirm the assessment data, recreate the “auditor’s records,” perform a cash flow analysis, and recommend any initial actions regarding funds and missed parcels, etc.

We have provided below our detailed standard scope of services, which we will tailor to the needs of Los Osos if engaged for this effort.

1915 Act Assessment District Administration Services

Data Collection. NBS will gather and review data relevant to the administration of the districts. Data will be obtained from various sources, including County records, Assessor’s parcel maps, and County Assessor information and establish a database for the assessment districts.

Policy Review. NBS will review policies and procedures that have been established by Los Osos for compliance with the governing documents and law. These policies will be incorporated into our service to Los Osos.

Cost Recovery. NBS will identify all costs associated with the administration of the Assessment District and recover those costs through the levy process as outlined in §8682 and §8682.1 of the California Streets and Highways Code. These costs may include, but not be limited to Registrar/Transfer/Paying Agent fees, Arbitrage Rebate calculation fees, bank fees, and expenses of Los Osos and its consultants related to the administration of the districts.

Fund Analysis. NBS will determine the balance requirements and acquire the current cash balances for the districts. We will make recommendations to ensure that the flow of funds and fund balances are in compliance with bond documents. Cash flow analysis will also be performed to determine any levy shortfall or surplus when compared to debt service requirements.

Annual Assessment Levy. NBS will calculate the annual assessment levy for each parcel in the district and submit the amount for each parcel to the County in the format and medium (i.e. tape, diskette) required by the County Auditor-Controller.

Resubmission of Rejects. NBS will research the status of any parcels rejected by the County Auditor-Controller, and resubmit corrected data for collection on the County Tax Roll. Any parcels that are not accepted by the County for collection will be invoiced directly, with payment directed to Los Osos.

Maintain Assessment District Data. NBS will annually track all parcel changes to ensure that all changes are documented. Historical parcel change and assessment apportionment data will be maintained by NBS.

Annual Report. NBS will provide a comprehensive Annual Report that will show a detailed listing of the amounts submitted to the County or directly billed for collection, details of delinquent assessments, fund analysis, paid off parcels and release of liens, all bond call activity, and assessed valuation information.

Delinquency Monitoring. NBS will provide Los Osos with a comprehensive list of delinquencies after each installment becomes due. This report will show delinquency percentage as well as a detailed list of each delinquent parcel.

Prepayment Calculation/Amortization Schedule. NBS will provide assessment prepayment calculations and amortization schedules to interested parties. The requester will pay the cost of this service; however, there will be no charge to Los Osos or property owners.

Bond Calls. NBS will prepare the spread of principal to be called within maturities for all bond calls and coordinate the call with the Paying Agent/Trustee.

Release of Liens. NBS will prepare all documents required to release the liens of parcels that have prepaid the assessment.

Notice of Special Assessment. NBS will provide a "Notice of Special Assessment" disclosure notice to requesting parties as required by §53754 of the Government Code of the State of California. The fee of any Notice of Special Assessment shall be paid by the party requesting the disclosure notice.

Toll-Free Phone Number. NBS will provide a toll-free phone number for use by Los Osos, other interested parties and all property owners. Our staff will be available to answer questions regarding the formation and ongoing collection of assessments for the districts. Bilingual staff is available for Spanish-speaking property owners.

County Assessor Reporting. NBS will work with the County Assessor to aid in complying with the requirements of Revenue & Taxation Code 163. This includes providing data such as parcel number, original assessment and current principal balance to the County Assessor.

Additional Services

The following services will be performed as authorized by Los Osos.

Delinquency Management

NBS will develop a comprehensive delinquency management program which includes a discussion and interpretation of the issuer's foreclosure covenant together with a review of the existing policies and procedures of Los Osos. This service can be provided as part of overall annual administration or as a stand-alone service. When deemed as the appropriate course of action, **NBS** will perform the following.

Delinquency Reports. **NBS** will provide Los Osos with an updated list of delinquencies prior to sending any of the below letters. This report will also detail each district's percentage of delinquencies, as well as a detailed list of each delinquent parcel. **NBS** staff will discuss the delinquency data relative to applicable bond foreclosure covenants to determine the appropriate action.

Reminder Letter. At Los Osos direction, send a reminder letter to the property owner of each delinquent parcel for the December 10th installment. The purpose of the letter is to inform and educate the property owner of their obligation to pay assessments.

Demand Letter. At Los Osos direction, send a demand letter to the property owner of each delinquent parcel for the April 10th installment. This letter will be mailed to any property owner who remains delinquent for both installments or who is delinquent for April 10th only. The



purpose of this letter is to further educate the property owner and advise them of a potential foreclosure.

Lienholder Letter. At Los Osos direction, send a demand letter to the lienholders of loan-defaulted parcels where a Notice of Default has been filed, notifying them of the special tax / assessment delinquency and the loss of their lien position when judicial foreclosure occurs. The purpose of this letter is to educate the lienholders and to spur quick payment of delinquencies in order to protect their interest in the property.

Lienholder Research. At Los Osos direction, perform detailed search of public records to identify lienholders on non-loan-defaulted parcels. The purpose of this is to allow further communication from Los Osos to educate the lienholders and to spur quick payment of delinquencies in order to protect their interest in the property.

Foreclosure Letter. This type of letter is typically sent after the installments for a parcel have been removed from the tax roll. The letter delineates what amount must be paid directly to Los Osos to forestall the turnover of documents to the foreclosure attorney.

Tax Roll Removal and Notice. NBS will provide the information required to remove parcels from the tax roll and coordinate with the County Auditor Controller to verify the removal. This step is in preparation of turning the parcels over for foreclosure. Once removed from the tax roll, each property owner will receive one final foreclosure letter indicating the amount due and payment instructions. NBS will file the Notice of Intent to Remove Delinquent Installments and remove such Notice upon payment of the delinquency.

Payment Plans. At Los Osos discretion, NBS will offer payment plans to property owners in lieu of turning parcels over to Los Osos foreclosure counsel.

Subsequent Foreclosure Services. NBS will prepare and deliver all information to Los Osos foreclosure counsel. We will also continue to supply Los Osos counsel with additional information throughout the foreclosure process. We will continue to respond to property owner and Los Osos staff phone calls regarding the status of all cases, and will coordinate and audit status reports on a bi-monthly basis from Los Osos foreclosure counsel.

Toll-Free Phone Number. NBS will provide a toll-free phone number for use by Los Osos, other interested parties and all property owners. Our staff will be available to answer questions regarding the formation and ongoing collection of assessments/special taxes for the districts. Bilingual staff is available for Spanish-speaking property owners.

Continuing Disclosure

In accordance with the Continuing Disclosure Certificate of the Bonds, NBS will assist to ensure full compliance with the annual disclosure requirement of the SEC Continuing Disclosure Rule 15c2-12. Specifically, NBS will perform the following:

Document Review. NBS will review pertinent documents of the Bonds, including the Official Statement and Continuing Disclosure Certificate. We will identify material such as the Audited Financial Statements for Los Osos and/or other operating data that the District has agreed to provide in the Continuing Disclosure Certificate.

Data Collection. NBS will collect the annual financial information and operating data that Los Osos has agreed to provide to the Electronic Municipal Market Access system, or EMMA, and the appropriate State Information Depository (SID), if any.



Report Preparation. NBS will prepare the Annual Disclosure Report as required in the Continuing Disclosure Certificate.

Annual Dissemination. NBS will disseminate the Annual Disclosure Report to EMMA and any SID, and post to our website to allow public access free of charge.

Significant Events. NBS will prepare and disseminate a “Notice of Significant Events”, as listed on the Continuing Disclosure Certificate, to EMMA and the appropriate SID, as required in the certificate. Action will commence upon notification by Los Osos of the occurrence of any of the events

Apportionments

Parts 10 and 10.5 of the *Streets and Highways Code* detail the methodology and procedure that Los Osos must follow in apportioning the assessment lien on parcels that are reconfigured and/or subdivided. With our experience in assessment district formation and the development of methods of assessment, we are able to ensure that apportionments are properly performed.

Assuming proceeding under the preferred procedure of Part 10.5, NBS will perform the following:

Application Forms. NBS will provide apportionment application forms and instructions to Los Osos staff for inclusion as a condition of approval for subdivision within an assessment district.

Segregation. NBS will apportion the special assessment according to the method of spread as described in the engineer’s report.

Notice of Apportionment. NBS will prepare a notice of apportionment and send it via certified mail to the issuing underwriter, as required.

Assessment Diagram. NBS will prepare an amended assessment diagram and notice. The diagram and notice will be filed and recorded with the County Recorder.

Amortization Schedule. NBS will prepare an amortization schedule for each newly created assessment type.

Apportionment Report. NBS will prepare and submit to Los Osos an Apportionment Report showing the finalized apportionment and the amended assessment diagram.

In the event proceedings are undertaken under Part 10, the following **additional** items are required:

Resolutions. NBS will prepare the required resolutions to order the amended assessment, the amended assessment diagram, notices to the property owner, and fix the amount of costs to perform the apportionment.

Public Meetings. NBS will be available to attend any public meetings required to complete the apportionment.

[Arbitrage Rebate]

To assist in compliance with the IRS Code and U.S. Treasury Regulations, NBS will provide the following services, at the fees quoted, through the firm of Bond Logistix, LLC (“BLX”), the premiere firm for the provision of these services. The following outlines the specific services provided relating to arbitrage rebate calculation and consulting services.

Document Review. Pertinent documents of the issue will be reviewed including the Official Statement, Trust Indenture, Tax Certificate, and IRS form 8038-G to determine whether the issue is



subject to the rebate requirement and identify what general and/or elective exceptions are available to the issue.

Bond Yield. Sources and uses of all proceeds will be identified to determine how the rebate requirement applies to each fund. Produce a debt service schedule for the issue and calculate and/or verify the bond yield.

Excess Earnings Calculation. Trust statements and/or Los Osos accounting records will be utilized to create a cash flow report for each fund. These reports will be used to identify all investment activity and interest earnings attributable to the funds. Calculate the arbitrage earnings on investment of funds subject to rebate and determine the issuer's net rebate and/or penalty liability.

Investment Yield Calculation. The investment yield will be calculated for each fund as a "reality check" to reaffirm the accuracy of the cash flow report. This measure not only ensures the accuracy of the report but also is a useful tool when analyzing investment opportunities.

Summary. A report will be prepared that summarizes the rebate liability of the issue, identifies the methodology employed, computational assumptions, conclusions, and any recommended changes in record keeping and investment policies. Analyze all transactions and explore every legally permissible avenue to minimize the rebate liability. Identify outstanding proceeds subject to the rebate requirement, and identify the instruments and yields of the investment vehicles utilized by each fund.

Filing Requirement. NBS will coordinate the preparation and filing of the IRS form 8038-T with the payment as required.

Review. NBS will review the rebate report with Los Osos staff and discuss the policies and procedures as they relate to the rebate requirement to ensure compliance with treasury regulations. The review will also be used to determine the necessity of any future calculations.

D-FAST Online

NBS has developed proprietary software, called **D-FAST**[®] for District Fees, Assessments, and Special Taxes. This software is a very powerful administrative tool, which we use in-house to administer your districts. It is also used by public agencies across the United States. D-FAST Online will give you "real-time" access to your districts and underlying parcel data, allowing you to:

- Answer questions in-house
- Understand a particular parcel status within a district
- Confirm if there are overlapping districts on a single parcel
- Research other issues



With this software, you and your staff have enhanced access to the data while **NBS** still provides the full administration and toll-free phone support.

Section 3. Estimated Project Timeline and Pricing

Schedule

The following is a proposed schedule. Project milestones and deadlines will be discussed at the kick-off meeting with Los Osos staff. The following timeline illustrates the annual year round tasks for District Administration.

MONTH	ACTIVITY	DELIVERABLE
FEBRUARY	Delinquency Reports/Letters	Delinquency Reports/Letters
MARCH	Prepare Annual Timeline Parcel analysis and Budget/Fund analysis	Timeline
APRIL	Prepare Preliminary Cost Recovery Worksheets.	Cost Recovery Worksheet
MAY	Prepare Surplus Funds Analysis Finalize budget and cost recovery	Surplus Funds Analysis
JUNE	Prepare Bond Calls with available surplus	Bond Call Documents
JULY	Additional parcel analysis Prepare final levies Quality control process	
AUGUST	Final Levy Check and review	Levies to the County
SEPTEMBER	Manage any rejected parcels and send direct bills Prepare Annual Levy Reports Reconcile annual levies	Direct bills Annual Reports Final Reconciliation
OCTOBER/ NOVEMBER	Respond to Property owner phone calls	Payoff Quotes, etc.
DECEMBER	Respond to Property owner phone calls Prepare Bond Calls	Payoff Quotes, etc. Bond Call Documents

Pricing

NBS has provided the following cost proposal based on the information provided and our understanding of the overall level of effort required.

Special District Administration

One-time "Set-up" and Research Fee Hourly, Not To Exceed \$9,500
Annual Base Fee \$9,250

* Expenses will be itemized and will not exceed \$500 per year.

Other Services

The following services will not be performed unless authorized by Los Osos staff.

D-FAST Online Annual Subscription fee.....\$950

Delinquency Management

Reminder Letters (1)\$15
Demand Letters (1)30
Lienholder Letters (1, 2).....40
Lienholder Research (Notice of Default Not Filed) Hourly
Foreclosure Letters50
Payment Plan Administration300
Tax Roll Removal (3, 4)75
Removal of the Notice of Intent to Remove Delinquent Installments (4)25
Subsequent Foreclosure Fees (4).....100

All fees are based on a per parcel/per district basis, except as noted below.

1. This fee will be recovered from the property owner as part of the next levy.
2. Letter is sent to lienholders where public Notice of Default has been filed. Fee reduced to \$20 when sent jointly with Demand or Foreclosure Letter to same parcel.
3. This fee includes filing of the "Notice of Intent to Remove Delinquent Installments" but does not include County fees for removal from the tax roll.
4. This fee is per parcel/per district/per year from the initiation of the foreclosure.

Continuing Disclosure

Report Fee.....\$1,750*
Significant Event Feehourly or \$100 per event
Dissemination (per recipient) \$25
Posting to NBS website.....No charge

* Estimated. Final fee determined based on final Disclosure Certificate requirements.

Apportionments

Apportionments will be performed upon request and paid for by the requesting party at our then current fee structure, as shown below. **NBS** will apportion the assessment according to the original method of spread, prepare the amended assessment diagram, and record the notice of apportionment and amended diagram per Parts 10 and 10.5 of the Streets and Highways Code.

Part 10.5

Apportionment Fee (Four parcels or less): \$950
Apportionment Fee (Five or more parcels): \$1,800
(plus \$35 per parcel)
Recording Fee (each): \$40



Part 10 (In addition to fees shown as Part 10.5 above)

Resolutions:\$300
 Meeting Attendance: hourly, plus travel costs*
 * Reasonable and customary travel costs, as needed NTE \$250 per occurrence

Arbitrage Rebate

Base Fees

Commitment Fee:\$500
 Report Fee (per report):2,250

Additional Service Fees

Computation Periods in Excess of 18 Months (per year):\$500-1,000
 Commingled Funds Analysis (as appropriate):500-1,000
 Transferred Proceeds Analysis (as appropriate):500-1,000
 Variable Rate Issues:500-1,000

Additional Services

The following table shows our current hourly rates. Additional services authorized by Los Osos but not included in the scope of services will be billed at this rate or the then applicable hourly rate.

TITLE	HOURLY RATE
Director	\$ 205
Senior Consultant/Programmer	\$ 160
Consultant	\$ 140
Analyst	\$ 120
Clerical/Support	\$ 95
Expert Witness	TBD; with minimum fee

Annual Fee Increases

A cost of living allowance (“COLA”) may be applied to the services listed above on October 1 each year, beginning with October 1, 2017. The COLA would be the actual cost of living increase based on the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers for the Southern California counties.

Terms

Set Up Fee will be invoiced monthly. Administration services will be invoiced at the beginning of each quarter. Expenses will be itemized and included in the next regular invoice. Fees for all other services will be invoiced upon completion of the task. If the project is prematurely terminated by either party, NBS shall receive payment for work completed. Payment shall be made within 30 days of submittal of an invoice. If payment is not received within 90 days simple interest will begin to accrue at the rate of 1.5% per month. Either party can cancel administration contracts with 30 days written notice.



PABLO PEREZ

Project Manager

RESUME HIGHLIGHTS

- Special Financing District Expert
- Proposition 218 Expert
- Continuing Disclosure Expert
- Experienced Special Tax Consultant
- Presenter at Educational Seminars
- Over 20 years experience

EDUCATION

- Bachelor of Arts, Liberal Studies, California Baptist University
- Master of Arts, Political Science with a concentration in Public Policy, American Public University System (in progress)

PROFESSIONAL AFFILIATIONS

- California Society of Municipal Finance Officers (CSMFO)
- California Special Districts Association (CSDA)
- California Municipal Treasurer's Association (CMTA)

SPEAKING ENGAGEMENTS

- Pablo has participated in speaking panels for the CSMFO, CMTA, as well as the NBS educational seminars, speaking on topics related to the formation and administration of Special Financing Districts as well as Proposition 218 and 26

BIOGRAPHY

Pablo Perez is a Director with NBS where he and his staff form and administer various types of Special Financing Districts (SFD). He has over 20 years of experience, and is actively involved with district formations and bond issuance/refunding analysis as well as daily management of district administration operations. He also performs feasibility studies and related financial projects.

- *SFD projects:* Pablo has significant experience with many types of SFD's including: Community Facilities Districts (CFD's), 1972 Act Maintenance Districts, Standby and other Fees and Charges, 1915 and 1911 Act Assessment Districts, Business Improvement Districts (BID's), Benefit Assessment Districts (BAD's) and Public Safety Districts including Fire Assessments and Taxes. His involvement includes analysis of district finances as well as oversight of tasks such as audits of assessment liens, delinquency management activities, apportionment of liens, continuing disclosure, arbitrage rebate calculations, bond tenders, and district workouts.
- *Continuing Disclosure:* He has been responsible for the preparation and dissemination of disclosure reports for all types of municipal bonds for over a hundred public agencies.
- *Financial Projects:* Pablo has managed numerous projects relating to assessment and special tax districts, including apportionments of 1915 Act liens, tax roll billing services, continuing disclosure reports, arbitrage rebate calculations, human resources consulting, fund analysis and recommendations, bond tenders, conversion of bonds, delinquency management, and special project consulting.
- *Proposition 218:* Pablo provides Proposition 218 consulting services related to the establishment or increase of fees, charges and assessments. He is an acknowledged expert in Proposition 218 compliance programs.
- *County Data Procurement:* Pablo is on a "first name basis" with many of the County assessor and auditor's staff in the State.

Pablo has 22 years of experience in the private and public finance sectors, including 20 years specializing in the formation and administration of special financing districts. Prior to working in public finance administration, he worked for a financial firm in New York.

"The staff is professional in their work ethic with a can-do attitude that provides an added level of assurance to their customers."

Marge McLean
Public Works Coordinator
City of Alameda

[Pablo Perez is the assigned Client Services Director for the City of Alameda]

SARA MARES Senior Consultant

RESUME HIGHLIGHTS

- Expert in District Administration including 1915 Act Districts
- Experienced Special Tax Consultant
- Over 11 years experience

“This project came together after several years of collaboration between NBS, NID staff and the local residents. NBS provided the financing solution that met the local needs and had overwhelming community support. NBS is an invaluable resource, for their expertise and ability to accomplish goals.”

Tim A. Crough, Assistant General Manager
Nevada Irrigation District

[Sara is the assigned Senior Consultant for the District]

EDUCATION

- Bachelor of Arts, with honors, Economics, Mills College

BIOGRAPHY

Sara Mares is a Senior Consultant with NBS. She forms special financing districts, including Property and Business Improvement Districts, 1913 Act Assessment Districts, Community Facilities Districts, Landscape and Lighting Districts, Benefit Assessment Districts and Fire Assessments. Sara has experience working with all aspects of the formation process, including planning, project management, budget analysis, development of Rate and Method of Apportionment and Engineer’s Reports and presentations. She also has significant experience with ongoing special district administration including levy submittal, delinquency management and continuing disclosure.

- *District Administration:* Sara has extensive experience in ongoing administration and annual levy calculations for 1913/1915 Act Assessment Districts, Mello-Roos Community Facilities Districts, Landscape & Lighting, and Benefit Assessment Districts
- *.District Formation:* Sara has formed many Special Financing Districts for many communities across California, including Property and Business Improvement Districts, Community Facilities Districts, Landscape Maintenance Districts, Benefit Assessment Districts and Fire Assessments. She has prepared the Special Assessment and Special Benefit Methodologies and Rate and Method of Special Tax Apportionment Models.
- *Reassessment Consulting:* Sara has prepared several Reassessment Reports as required by the California Streets and Highways Code §9523 saving parcel owners a significant amount of money. Sara has been involved with many challenging issues, including pooled bonds, workouts and distressed districts, including a project which was nominated for the Bond Buyer Deal of the Year Award.
- *Proposition 218:* Sara provides Proposition 218 Consulting Services related to the establishment of and increases to fees, charges and assessments.
- *Continuing Disclosure:* Sara has prepared and disseminated Municipal Disclosure Reports for several California Agencies. She prepared and disseminated ongoing disclosure reports for special districts including 1915 Act, Community Facilities Districts in compliance with Securities Exchange Commission regulation 15c2-12.
- *Delinquency Management:* Sara also works extensively on delinquency management. This includes the gathering of county data, sending letters, setting up payment plans and dealing with foreclosure attorneys and property owners. Sara has managed delinquencies for over 21 public agencies and approximately 60,000 parcels.

TIFFANY ELLIS

Consultant

RESUME HIGHLIGHTS

- Experience with ongoing administration of special financing districts
- Responsible for ongoing administration of over 100 districts
- Over 5 years of experience

“Thank you so much Tiffany for continuing with your excellent customer service. You are a credit to your organization.”

City of Rancho Cucamonga Staff

[Tiffany is the assigned Consultant for the City]

EDUCATION

- Bachelor’s of Science in Business Administration, California State University, San Marcos

BIOGRAPHY

Tiffany Ellis is a Consultant at NBS where she forms and administers special financing districts including 1913/1915 Act Assessment Districts, Mello-Roos Community Facilities Districts, Landscape and Lighting Districts, Benefit Assessment Districts, and Energy Assessment Districts. She is actively involved in the daily administration of district administration operations.

- *LMD/BAD Formation and Assessment Increases:* Tiffany assists public agencies with Proposition 218 compliance, the coordination of city council and community outreach meetings, in addition to preparing notices, ballots and other materials.
- *District Administration:* Tiffany has experience in ongoing administration for 1913/1915 Act Assessment Districts, Mello-Roos Community Facilities Districts, Landscape and Lighting Districts and Energy Assessment Districts. Her experience includes preparing annual assessment levy calculations, direct assessment billings, district fund analyses, debt service tracking and monitoring delinquent assessments to ensure timely debt service repayment. Tiffany administers numerous districts with an aggregate parcel count of over 128,000 parcels.
- *Energy Assessment Districts:* Tiffany works extensively with one of California’s first energy independence programs and contractual assessments in the County of Sonoma. This includes the gathering of county data, bond calls, assessment payoffs, debt service tracking, cash flow analysis, and levy submittals.
- *Levy Submittal Management:* Tiffany is responsible for coordinating the annual levy submittal for multiple counties, which include over 130 special financing districts and over 115,000 parcels.
- *Continuing Disclosure:* Tiffany prepares, disseminates and is responsible for many Continuing Disclosure Reports for over a dozen public agencies. She has completed continuing disclosure reports for all types of municipal bonds in compliance with Securities Exchange Commission regulation 15c2-12.
- *Delinquency Management:* Tiffany works extensively on delinquency management. This includes the gathering of county data, removing assessments from the county tax roll, and dealing with foreclosure attorneys and property owners.
- *Special Projects:* In addition to the above listed responsibilities, Tiffany works on several special projects including District Closeouts, assisting public agencies with the coordination of public hearings, assisting Cities and Districts with code compliance on several topics related to land-based financing, assistance with judicial foreclosure processes and pre-formation and pre-bond disclosure analysis.