

## **EXHIBIT A**

### **Interfund Loan Agreement**

The interfund loan agreement, made and entered into this the \_\_\_\_\_ day of \_\_\_\_\_ 2014, effective \_\_\_\_\_ for FY 2012/2013, FY 2013/2014 and FY 2014/2015 by and between the Water Fund 500 and the Vista de Oro Fund 400;

WITNESSETH:

**WHEREAS**, the Board of Directors of the Los Osos Community Services (LOCSO) has determined that the LOCSO must continue to provide public services Vista de Oro Fund 400; and

**WHEREAS**, the Board of Directors recognizes the employees of the LOCSO provide storm water drainage, street, septic and open space management services; and

**WHEREAS**, the Board of Directors recognizes there are not sufficient funds available from the current assessment rate of \$216/parcel to cover the expenses related to these services; and

**WHEREAS**, the Board of Directors understands the LOCSO must continue to subsidize the operation to insure healthy and viable septic system operations; and

**WHEREAS**, the Board of Directors realizes when the Los Osos Wastewater Project built by San Luis Obispo County (County) is complete the Vista de Oro subdivision will be connected to the County System; and

**WHEREAS**, the Board of Directors recognizes the current septic system will be abandoned at a cost to the residents and expensed through this fund; and

**WHEREAS**, the Board of Directors recognizes the assessments will remain on the parcels until the fund settles all the liabilities due to the LOCSO for providing the services both septic maintenance as well as septic abandonment costs; and

**WHEREAS**, the Board of Directors understands according to Government Code Section 66006 and 66013 the LOCSO may provide interfund loans and according to Government Code Section 61116 (b) allows for borrowing; and

**WHEREAS**, the Board of Directors agrees to provide an interfund loan to the Vista de Oro Fund, in an amount not to exceed \$30,000 to cover the operating deficits.

**NOW THEREFORE**, in consideration of the mutual covenants therein contained, the Board agrees as follows:

1. The Water Fund will transfer an amount not to exceed of \$30,000 from the Water General Contingency Reserve (3111) as necessary to cover any remaining deficit for FY 2012/2013, FY 2013/2014 projected deficit based on the adopted budget and FY 2014/2015 projected deficit based on the adopted budget.
2. The Vista de Oro Fund will pay back the Water Fund principal and interest with the payment to begin after connection to San Luis Obispo County Water Recycling System and abandonment of the septic system.
3. The interest rate will be based on the LAIF interest rate at the time of borrowing/transfer from the Water Fund General Contingency Reserve to the Vista de Oro Fund.
4. Transfers will only occur at the close of the respective Fiscal Year.
5. Any discrepancy between the closing balance and Audit Financial Statement will be reconciled based on the year end Audit Financial Statements for the Fiscal Year with the appropriate adjustments to follow.
6. This interfund loan agreement may be amended, modified or terminated by the Los Osos Community Services Board of Directors by Resolution.
7. The necessity for any funding in excess of \$30,000 requires action by the Board of Directors.
8. This interfund loan will be recorded according to the guidelines as established by GASB Summary of Statement No. 34.

The Board of Director hereby agrees with all the terms and conditions as outlined. This agreement was passed by Resolution No. 2014-13 adopted on the 3<sup>rd</sup> day of July 2014 and incorporated therein by reference.

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Craig Baltimore  
President, Board of Directors  
Los Osos Community Services District

ATTEST:

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Kathy A. Kivley  
General Manager and Secretary to the Board