



SRWA
STANISLAUS REGIONAL
WATER AUTHORITY

156 S. Broadway, Ste. 270, Turlock, CA 95380

(209) 668-4142 (phone) (209) 668-5695 (fax)

Board Meeting Agenda

August 19, 2021 at 3:30 p.m.

2701 4th Street, Ceres, CA, First Floor, Council Chambers

Chair, Amy Bublak
Vice Chair, Javier Lopez
Director, Pam Franco
Director, Couper Condit
Director (alternate), Linda Ryno
Director (alternate), Nicole Larson

General Manager, Robert Granberg
Interim Legal Counsel, Richard P. Shanahan
Finance Director, Marie Lorenzi
Board Secretary, Angelica Gonsalves

NOTICE: THIS MEETING WILL BE HELD IN ACCORDANCE WITH EXECUTIVE ORDER N-29-20, ISSUED BY CALIFORNIA GOVERNOR GAVIN NEWSOM ON MARCH 17, 2020, THE RALPH M. BROWN ACT (CALIFORNIA GOVERNMENT CODE SECTION 54950, ET SEQ.), AND THE FEDERAL AMERICANS WITH DISABILITIES ACT.

THIS MEETING WILL BE OPEN TO THE PUBLIC. SEATING CAPACITY WILL BE LIMITED TO THE FIRST 14 PEOPLE, ON A FIRST COME FIRST SERVE BASIS. COMPLIANCE WITH ALL HEALTH & SAFETY GUIDELINES INCLUDING COVID-19 SCREENING, TEMPERATURE CHECKS, FACE COVERINGS, AND PHYSICAL DISTANCING MEASURES WILL BE REQUIRED FOR IN-PERSON ATTENDANCE. PLEASE PLAN TO ARRIVE APPROXIMATELY 15 MINUTES PRIOR TO THE SCHEDULED MEETING START TIME TO ALLOW FOR SCREENING PROCESSES.

OR

JOIN BY CLICKING ON THE MEETING LINK: <https://us02web.zoom.us/j/87219269659>

OR

JOIN BY ACCESSING THE ZOOM WEBSITE: <https://zoom.us/join>

WEBINAR ID: 872 1926 9659

OR

JOIN BY TELEPHONE: 669-900-6833

WEBINAR ID: 872 1926 9659

NOTICE REGARDING NON-ENGLISH SPEAKERS: The Stanislaus Regional Water Authority (SRWA) meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

EQUAL ACCESS POLICY: If you have a disability which affects your access to public facilities or services, contact the Board Secretary at the phone number set forth above. The Board is committed to taking all reasonable measures to provide access to its facilities and services. Please allow sufficient time for the Board to process and respond to your request.

NOTICE: Pursuant to California Government Code Section 54954.3, any member of the public may directly address the Board on any item appearing on the agenda, including Consent Calendar and Scheduled Matters, before or during the Board's consideration of the item.

AGENDA PACKETS: Prior to the Stanislaus Regional Water Authority Board meeting, a complete Agenda Packet (excluding any closed session materials) is available for review on the SRWA's website at www.stanrwa.com and in the Board Secretary's Office at 156 S. Broadway, Suite 270, Turlock, during normal business hours. Materials related to an item on this Agenda submitted to the Board after distribution of the Agenda Packet are also available for public inspection in the Board Secretary's Office at the address set forth above. Such documents may be available on the SRWA's website subject to staff's ability to post the documents before the meeting.

1. A. CALL TO ORDER
- B. SALUTE TO THE FLAG
- C. ROLL CALL
2. RECOGNITION, APPOINTMENTS, ANNOUNCEMENTS & PRESENTATIONS: None
3. A. SPECIAL BRIEFINGS: None
- B. STAFF UPDATES
 1. General Manager Update (*Granberg*)
 2. Finance Director Report (*Lorenzi*)
- C. PUBLIC PARTICIPATION: This time is set aside for members of the public to address the Board concerning any item that has been described in the notice for the meeting, including Consent Calendar items, before or during consideration of that item. You will be allowed five (5) minutes for your comments. If you wish to speak regarding an item on the agenda, you may be asked to defer your remarks until the Board addresses the matter.
4. DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS
5. CONSENT CALENDAR: Information concerning the Consent items listed below has been forwarded to each Board member prior to this meeting for study. Unless the Chair, a Board member, or member of the audience has questions concerning the Consent Calendar, the items are approved at one time by the Board. The action taken by the Board in approving the Consent items is set forth in the explanation of the individual items.
 - A. *Motion*: Approving minutes of Regular Meeting of June 17, 2021
6. PUBLIC HEARINGS: None
7. SCHEDULED MATTERS:
 - A. *Resolution*: Approving and Authorizing General Manager to Sign Construction Installment Sale Agreement with State Water Resources Control Board for Funding Regional Surface Water Supply Project Under Drinking Water State Revolving Loan Fund and Authorizing Related Actions - Granberg
 - B. *Motion*: Directing the General Manager to Prepare a Staffing Plan and Wage and Benefit Package for Assuming Water Treatment Plant Operations - Granberg
8. MATTERS TOO LATE FOR THE AGENDA
9. BOARD ITEMS FOR FUTURE CONSIDERATION
10. BOARD COMMENTS: Board members may provide a brief report on notable topics of interest. The Brown Act does not allow discussion or action by the legislative body.

11. NEXT MEETING DATE: September 16, 2021, Regular meeting

12. CLOSED SESSION: None

13. ADJOURNMENT



August 19, 2021

To: SRWA Board
From: Marie Lorenzi, Finance Director
Subject: Financial Summary as of August 13, 2021

Attached Financial Documents include:

Activity for YTD Fiscal June 30, 2021

- 1 - SRWA financial status as of 8-13-2021 for the 2020-21 fiscal year (Exhibit A):
Revenue received from the participating agencies \$47,284,850
Expenses paid total \$41,089,527.29

- 2 - SRWA financial status - life to date as of 8-13-2021 (Exhibit B):
Revenue life to date totals \$67,047,689.03 (includes \$76,388.66 of interest)
Expenses life to date total \$58,521,338.26
Cumulative unexpended Revenues \$ 8,526,350.77

Unpaid Invoices received as of 8-13-2021

3 - The following invoices are in the process of being paid as of 8-13-2021 and the related costs are not included in the information presented above.

Bartkiewicz, Kronick & Shanahan - July 2021	4,372.50
Granberg & Associates - July 2021	15,375.00
Inferrera Construction Mgmt - July 2021	32,530.00
	<u>\$ 52,277.50</u>

Stanislaus Regional Water Authority
For FY 2020-21 (Updated 8-13-2021)

	Account Name	Original Budget	Amendments	Amended Budget 2020-21	Unaudited Actual 2020-21	Ceres	Turlock	TID	Totals for 2020-21
REVENUES									
	Interest Income			0					0.00
34900_001	Agency Contribution - City of Turlock	38,257,747	(299,005)	37,958,742	30,957,500.00	15,375,000.00	30,957,500.00		30,957,500.00
34900_002	Agency Contribution - City of Ceres	19,509,718	(146,110)	19,363,608	15,375,000.00				15,375,000.00
34900_004	Agency Contribution - Turlock Irrigation District	1,075,231	(9,785)	1,065,446	952,350.00				952,350.00
	Total Revenues	58,842,696	(454,900)	58,387,796	47,284,850.00	15,375,000.00	30,957,500.00	952,350.00	47,284,850.00
EXPENSES									
Pre-Treatment Plant Construction Project Expenses (950-53-552)									
43060_012	Contact Services Program Mgmt	125,628		125,628	91,518.21	45,760.88	45,711.63	45.70	91,518.21
43195	Special Legal Counsel	38,500	(31,500)	7,000	8,023.70	4,011.85	4,011.85	0.00	8,023.70
43332	Permitting	7,000		7,000	276.00	138.00	138.00		276.00
43332_002	Permitting - Water Rights Acquisition	20,000		20,000					0.00
45002_000	TID - electrical service	5,000		5,000	3,289.63	1,096.43	2,193.20	0.00	3,289.63
51001	Property Acquisition - facility site	1,508,508		1,508,508	1,439,412.51	479,756.19	959,656.32	0.00	1,439,412.51
51001	Property Acquisition - infiltration gallery	739,442		739,442	740,851.49	246,925.80	493,925.69	0.00	740,851.49
51001	Property Acquisition - Geer Road easement	132,300		132,300	92,200.00	92,200.00		0.00	92,200.00
51001	Property Acquisition - delivery facilities	50,000		50,000	14,787.76	7,393.88	7,393.88		14,787.76
Treatment Plant Construction - SRF funding eligible (950-53-553)									
43060_012	Contract Services - Program Mgmt Services	2,733,688	(851,500)	1,882,188	902,127.69	369,181.11	519,242.76	13,703.82	902,127.69
43195	Special Legal Counsel	29,700	31,500	61,200	36,490.50	17,885.82	17,885.82	718.86	36,490.50
43328	Environmental Services	233,500		233,500	122,396.01	52,001.07	52,677.22	17,717.72	122,396.01
43332	Permitting	71,014		71,014			0.00		0.00
	CDFW LSAA for 3 lateral crossings				13,351.25	0.00	13,351.25	0.00	13,351.25
	Stanislaus County - Aldrich Road crossing				25,820.00	8,605.81	17,214.19	0.00	25,820.00
	Stanislaus County - Lateral 2, 2.5 & 3 crossing				16,220.00	0.00	16,220.00	0.00	16,220.00
43332_001	Permitting - Environmental Mitigation	214,000		214,000					0.00
	Transplant credits				26,000.00	6,934.20	13,865.80	5,200.00	26,000.00
	Mitigation credits				151,500.00	40,405.05	80,794.95	30,300.00	151,500.00
51802_001	Regional Trtmt Plant - Design/Build Contract	54,947,428		54,947,428	36,934,546.94	11,478,661.44	24,881,686.52	574,198.98	36,934,546.94
51802_002	Regional Trtmt Plant - Contract Management	0	396,600	396,600	234,091.74	75,190.27	153,868.50	5,032.97	234,091.74
Administrative Expenses (950-53-552)									
43055_002	Consultant Audit	4,740		4,740	4,740.00	2,370.00	2,370.00		4,740.00
43060_021	Contract Services General Manager	300,000		300,000	210,526.88	105,263.44	105,263.44		210,526.88
43105_003	Interdepartmental Admin Support	25,000		25,000					
	Clerical	12,500		12,500	5,469.08	2,734.54	2,734.54		5,469.08
	Financial/Accounting	12,500		12,500	11,671.23	5,835.62	5,835.62		11,671.23
44001_000	Supplies	500	(180)	320	36.67	18.34	18.33		36.67
44035	Photocopies	500		500	0.00	0.00	0.00		0.00
44040_000	Postage	500		500	0.00	0.00	0.00		0.00
47010	Bank Charges	750		750	0.00	0.00	0.00		0.00
47040_000	Dues	4,000	180	4,180	4,180.00	2,090.00	2,090.00		4,180.00
47085_000	Training	1,000		1,000		0.00	0.00		0.00
	Total Expenditures	61,217,698	(454,900)	60,762,798	41,089,527.29	13,044,459.74	27,398,149.50	646,918.05	41,089,527.29
Revenues Over (Under) Expenditures									
		(2,375,002)	0	(2,375,002)	6,195,322.71	2,330,540.26	3,559,350.50	305,431.95	6,195,322.71
									0.00

Stanislaus Regional Water Authority
Project to Date (updated as of 8-13-2021)

3B2

	City of Ceres	City of Turlock	TID	Project to Date Total Since Dec 2015	Actuals Thru 6/30/2020	Actuals For 2020-21	Total
Agency Contributions							
Received from Agencies - 2015-16	379,561.50	347,487.50		727,049.00	727,049.00		727,049.00
Received from Agencies - 2016-17	1,138,659.60	1,175,000.00	106,958.25	2,420,617.85	2,420,617.85		2,420,617.85
Received from Agencies - 2017-18	1,055,176.00	1,160,500.00	114,507.52	2,330,183.52	2,330,183.52		2,330,183.52
Received from Agencies - 2018-19	2,872,300.00	4,072,700.00	1,057,400.00	8,002,400.00	8,002,400.00		8,002,400.00
Received from Agencies - 2019-20	2,013,600.00	3,598,100.00	594,500.00	6,206,200.00	6,206,200.00		6,206,200.00
Received from Agencies - 2020-21	15,375,000.00	30,957,500.00	952,350.00	47,284,850.00	47,284,850.00		47,284,850.00
Interest Income	42,918.86	33,469.80	0.00	76,388.66	76,388.66		76,388.66
Total Agency Contributions	22,877,215.96	41,344,757.30	2,825,715.77	67,047,689.03	19,762,839.03	47,284,850.00	67,047,689.03
Expenditures							
Pre-Treatment Plant Construction Project Expenses (950-52-553)							
Government Relations	(74,723.55)	(74,723.55)	0.00	(149,447.10)	(149,447.10)	0.00	(149,447.10)
Environmental Services (Phase I)	(250,664.65)	(250,664.65)	(32,520.11)	(533,849.41)	(533,849.41)	0.00	(533,849.41)
Project Management Services	(3,339,775.74)	(3,482,341.11)	(169,068.88)	(6,991,185.73)	(6,899,667.52)	(91,518.21)	(6,991,185.73)
Special Legal Expenses	(215,670.55)	(215,670.56)	(5,302.43)	(436,643.54)	(428,619.84)	(8,023.70)	(436,643.54)
Wet Well Design (West Yost)	(166,904.88)	(206,872.74)	(93,444.40)	(467,222.02)	(467,222.02)	0.00	(467,222.02)
Fees to Stan County-CEQA related to wet well	(1,136.63)	(1,136.62)	0.00	(2,273.25)	(2,273.25)		(2,273.25)
Permitting	(17,788.08)	(17,788.09)	0.00	(35,536.17)	(35,260.17)	(276.00)	(35,536.17)
Permitting - Water Rights Acquisition	(36,240.88)	(36,240.89)	0.00	(72,481.77)	(72,481.77)	0.00	(72,481.77)
Water Shed Survey	(40,660.67)	(40,660.67)	0.00	(81,321.34)	(81,321.34)	0.00	(81,321.34)
Property Acquisition - facility site	(479,756.19)	(959,656.32)	0.00	(1,439,412.51)	0.00	(1,439,412.51)	(1,439,412.51)
Property Acquisition - infiltration gallery	(246,925.80)	(493,925.69)	0.00	(740,851.49)	(740,851.49)		(740,851.49)
Property Acquisition - Geer Road easement	(92,200.00)	0.00	0.00	(92,200.00)	0.00	(92,200.00)	(92,200.00)
Property Acquisition - delivery facilities	(7,393.88)	(7,393.88)	0.00	(14,787.76)	0.00	(14,787.76)	(14,787.76)
Wet Well Construction							
Construction Contract	(1,888,242.96)	(3,769,413.84)	(1,414,414.20)	(7,072,071.00)	(7,072,071.00)	0.00	(7,072,071.00)
Construction Management	(145,952.80)	(291,378.94)	(109,335.45)	(546,677.19)	(546,677.19)	0.00	(546,677.19)
Environmental (Phase II)	(103,524.75)	(155,193.07)	(47,798.97)	(306,516.79)	(306,516.79)	0.00	(306,516.79)
Contractor Financial Evaluation	(18,944.30)	(18,944.30)	(761.40)	(38,650.00)	(38,650.00)	0.00	(38,650.00)
TID - electrical service	(1,507.99)	(3,016.44)	0.00	(4,524.43)	(1,234.80)	(3,289.63)	(4,524.43)
Treatment Plant Construction - SRF funding eligible (950-53-553)	(369,181.11)	(519,242.76)	(13,703.82)	(902,127.69)	0.00	(902,127.69)	(902,127.69)
Contract Services - Program Mgmt Services	(17,885.82)	(17,885.82)	(718.86)	(36,490.50)	0.00	(36,490.50)	(36,490.50)
Special Legal Counsel	(52,001.07)	(52,677.22)	(17,717.72)	(122,396.01)	0.00	(122,396.01)	(122,396.01)
Environmental Services	(8,605.81)	(46,785.44)	0.00	(55,391.25)	0.00	(55,391.25)	(55,391.25)
Permitting	(47,339.25)	(94,660.75)	(35,500.00)	(177,500.00)	0.00	(177,500.00)	(177,500.00)
Permitting - Environmental Mitigation	(11,478,661.44)	(24,881,686.52)	(574,198.98)	(36,934,546.94)	0.00	(36,934,546.94)	(36,934,546.94)
Regional Trtmt Plant - Design/Build Contract	(75,190.27)	(153,868.50)	(5,032.97)	(234,091.74)	0.00	(234,091.74)	(234,091.74)

Stanislaus Regional Water Authority
Project to Date (updated as of 8-13-2021)

	City of Ceres	City of Turlock	TID	Project to Date Total Since Dec 2015	Actuals Thru 6/30/2020	Actuals For 2020-21	Total
Administrative Support							
Clerical Services	(23,588.40)	(23,588.40)	0.00	(47,176.80)	(41,707.72)	(5,469.08)	(47,176.80)
Accounting Services	(27,932.30)	(27,932.28)	0.00	(55,864.58)	(44,193.35)	(11,671.23)	(55,864.58)
Interim JPA attorney	(22,662.50)	(22,662.50)	0.00	(45,325.00)	(45,325.00)		(45,325.00)
Interim General Manager	(121,991.80)	(121,991.80)	0.00	(243,983.60)	(243,983.60)		(243,983.60)
General Manager	(300,646.80)	(300,646.80)	0.00	(601,293.60)	(390,766.72)	(210,526.88)	(601,293.60)
External Audit	(11,735.00)	(11,735.00)	0.00	(23,470.00)	(18,730.00)	(4,740.00)	(23,470.00)
Supplies and other Miscellaneous Expenses	(8,014.53)	(8,014.52)	0.00	(16,029.05)	(11,812.38)	(4,216.67)	(16,029.05)
Total Expenditures	(19,693,440.40)	(36,308,379.67)	(2,519,518.19)	(58,521,338.26)	(17,431,810.97)	(41,089,527.29)	(58,521,338.26)
Contributions over (under) Expenditures - project to date	3,183,775.56	5,036,377.63	306,197.58	8,526,350.77	2,331,028.06	6,195,322.71	8,526,350.77



1. **A. CALL TO ORDER:** Chair Bublak called the meeting to order at 3:30 p.m.
 PRESENT: Chair Bublak, Vice Chair Lopez, Director Franco, Director Condit
 ABSENT: None

B. SALUTE TO THE FLAG

C. ROLL CALL

This item was heard out of order

4. DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS:

Director Franco	Director Condit	Vice Chair Lopez	Chair Bublak
No	No	No	No

2. RECOGNITION, APPOINTMENTS, ANNOUNCEMENTS & PRESENTATIONS: None

3. A. SPECIAL BRIEFINGS: None

B. STAFF UPDATES:

1. General Manager Robert Granberg provided a presentation on design-build project activities, design-build contract status, environmental clearance/permitting, other activities, funding/financing update, public outreach, and shared project photos.

The Board and staff discussed this item, including Jacobs outreach event for suppliers and contractors to participate in the project, recruitment process for plant manager and communication with city management, tasks for plant manager prior to plant operation, discussions with Congressman Harder's office regarding consultation with Bureau of Reclamation and available financial support, potential State funding, and probationary period for new employees.

2. Finance Director Marie Lorenzi provided an update on financial activity for year-to-date Fiscal Year ending June 30, 2021, and the summary of financial activity as of June 11, 2021. Revenue and expenses were reviewed.

C. PUBLIC PARTICIPATION:

Chair Bublak opened public participation.

The following members of the public spoke:

Milt Trieweiler

Chair Bublak closed public participation.

5. CONSENT CALENDAR:

Action: Motion by Director Condit, seconded by Director Franco, approving the minutes of the Regular Meeting of May 20, 2021. Motion carried 4/0 by the following vote:

Director Franco	Director Condit	Vice Chair Lopez	Chair Bublak
Yes	Yes	Yes	Yes

6. PUBLIC HEARINGS: None

7. SCHEDULED MATTERS:

- A.** Finance Director Marie Lorenzi recommended that the Board adopt the Annual Budget for the Stanislaus Regional Water Authority for the 2021-22 Fiscal Year and adopt a minimum cash reserve target for 2021-22

Board and staff discussed this item, including proposed budget for the cities' allocation, General Manager contract budget.

Chair Bublak opened public participation. No one spoke. Chair Bublak closed public participation.

Board and staff further discussed this item, including cash flow projections.

Action: Resolution 2021-002 Motion by Director Franco, seconded by Director Condit, Adopting the Annual Budget for the Stanislaus Regional Water Authority for the 2021-22 Fiscal Year and Adopting a minimum cash reserve target for 2021-22. Motion carried 4/0 by the following vote:

Director Franco	Director Condit	Vice Chair Lopez	Chair Bublak
Yes	Yes	Yes	Yes

- B.** General Manager Robert Granberg recommended that the Board approve an amendment to the Granberg & Associates, Inc. Special Services Agreement for General Manager Services

Board and staff discussed this item, including contract estimate for Fiscal Year 2021-22, additional scope of work, City of Turlock utility payment status.

Chair Bublak opened public participation. No one spoke. Chair Bublak closed public participation.

Board and staff further discussed this item, including estimated hours of General Manager, scope of work, impact to rate payers, and COVID impacts.

Action: Motion by Director Franco, seconded by Director Condit, Continuing this item to January 2022. Motion carried 4/0 by the following vote:

Director Franco	Director Condit	Vice Chair Lopez	Chair Bublak
Yes	Yes	Yes	Yes

- C.** General Manager Robert Granberg recommended that the Board appoint Angelica Gonsalves as the SRWA Board Secretary, effective July 1, 2021

Chair Bublak opened public participation. No one spoke. Chair Bublak closed public participation.

Action: Motion by Director Condit, seconded by Director Franco, Appointing Angelica Gonsalves as the SRWA Board Secretary, effective July 1, 2021. Motion carried 4/0 by the following vote:

Director Franco	Director Condit	Vice Chair Lopez	Chair Bublak
Yes	Yes	Yes	Yes

- 8. **MATTERS TOO LATE FOR THE AGENDA:** None
- 9. **BOARD ITEMS FOR FUTURE CONSIDERATION:**
- 10. **BOARD COMMENTS:** None
- 11. **NEXT MEETING DATE:** July 15, 2021, Regular meeting
- 12. **CLOSED SESSION:** None
- 13. **ADJOURNMENT:** Chair Bublak adjourned the meeting at 4:12 p.m. Motion carried unanimously.

Respectfully submitted,

DRAFT

Angelica Gonsalves, Board Secretary

From: Technical Advisory Committee

Prepared by: Monique Day, West Yost
Lindsay Smith, West Yost

1. ACTION RECOMMENDED:

Adopt the following resolution:

1) Approving Construction Installment Sale Agreement (No. SWRCB000000000D2002047) with the California State Water Resources Control Board (SWRCB) for the Construction of the Regional Surface Water Supply Project (Project) in the amount of \$212,674,000, authorizing the General Manager to sign Construction Installment Sale Agreement, and approving related actions

2. DISCUSSION OF ISSUE:

Securing of State Revolving Loan Funding (SRF) continues to be a high priority for lowering overall project costs through grant and low interest financing and deferral of full principal and interest payments until one year after construction is completed. As previously discussed, the SRWA submitted a funding application to the SWRCB's Drinking Water SRF program and, after application approval, the SWRCB developed the attached Construction Installment Sale Agreement No. SWRCB000000000D2002047 (Agreement). This Agreement includes a grant component for \$27,750,000 (funded by Prop. 68) and a low interest loan component for the balance of the project of \$184,924,000. The total project funding amount in this Agreement is \$212,674,000.

Per the payment schedule in Exhibit E of the Agreement, SRWA must pay 1.2% interest annually, by January of each year, until one year after Completion of Construction. Beginning no later than one year after Completion of Construction, the SRWA must make annual payment of the principal of the loan funds, together with all interest accruing thereon by January 1, 2024. SRWA must make payments fully amortizing the total principal of the Project by the Final Payment Date (January 1, 2053). Payments are based on a standard fully amortized assistance amount with equal annual payments.

SRWA may request reimbursement for eligible project costs as far back as December 9, 2016. The Agreement specifies that construction must be complete by December 31, 2023, and the final disbursement request date is June 30, 2024. These dates fit with the current Project schedule.

The SRWA is authorized to enter into this Agreement pursuant to Resolution No. 2019-006 (adopted by the SRWA Board June 20, 2019). This resolution authorized the General Manager to be the Authorized Representative for acting on behalf of the SRWA on matters related to the Agreement.

3. FISCAL IMPACT / BUDGET AMENDMENT:

The SRWA will incur substantial interest cost savings if low-rate SRF funds are utilized to fund the Project and to reimburse cities for allowable expenses incurred to-date. This Agreement also includes grant funding in the amount of \$27,750,000 which brings tremendous cost savings to the citizens of Ceres and Turlock.

The adopted Fiscal Year 2021-22 budget assumed each cities' allocated Project costs would be funded using a combination of 1) grant funding obtained for the Project as a whole; 2) SRF loan proceeds; and 3) individual agency internal cash resources.

4. GENERAL MANAGER'S COMMENTS:

Recommends approval.

5. ALTERNATIVES:

The Board could choose to not approve the Agreement requiring the cities to fund the remaining Project expenditures through their existing bridge financing mechanisms, or other bond financing resulting in approximately \$107 million dollars in additional interest payments when modeled at a 4% interest rate compared to the 1.2% interest rate offered in this Agreement.



State Water Resources Control Board

July 29, 2021

Stanislaus Regional Water Authority
 Attn: Robert Granberg – General Manager
 156 S. Broadway Ste 270
 Turlock, CA 95380

Agreement Number: SWRCB0000000000D2002047
 Project Number: 5010043-001C

Enclosed is your Agreement for your approval and signature. This Agreement cannot be considered binding by either party until executed by the State Water Resources Control Board (State Water Board).

If you are in agreement with all terms and conditions of the Agreement, please sign and date **two (2) signature** pages; return only the two (2) signature pages – it is not necessary to send the entire Agreement - **no later than thirty (30) calendar days from the date of this letter to:**

Overnight Mail

Noel Carolipio Jr.
 State Water Resources Control Board
 Division of Financial Assistance
 1001 I Street, 16th Floor
 Sacramento, CA 95814

US Mail

Noel Carolipio Jr.
 State Water Resources Control Board
 Division of Financial Assistance
 P. O. Box 944212
 Sacramento, CA 94244-2120

In order for the Funding Agreement to be executed by the State Water Board, the following items **must also be returned with the signed signature pages:**

1. Opinion of General Counsel.
2. Bond Counsel Letter.
3. Closing Resolution.

Be aware that all projects receiving funding must comply with all applicable implementing guidelines and regulations adopted by California Department of Industrial Relations (DIR), regarding state prevailing wage requirements. You must contact DIR for guidance on how to comply. Information can be found at: <http://www.dir.ca.gov/lcp.asp>.

Davis Bacon Compliance:

https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/davisbacon.shtml

Disadvantaged Business Enterprise (DBE)

E. JOAQUIN ESQUIVEL, CHAIR | EILEEN SOBECK, EXECUTIVE DIRECTOR

https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/policy0513/dbe_compliance_guidelines_instructions.pdf

Mr. Carolipio Jr. may be contacted at (916) 449-5694 or Noel.carolipio@waterboards.ca.gov

Once the Agreement is signed by both parties, we will forward an executed copy to you for your records.

Enclosures



DRINKING WATER

STANISLAUS REGIONAL WATER AUTHORITY

AND

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD



**CONSTRUCTION
INSTALLMENT SALE AGREEMENT**

**REGIONAL SURFACE WATER SUPPLY PROJECT
PROJECT NO. 5010043-001C**

AGREEMENT NO. SWRCB0000000000D2002047

**PROJECT FUNDING AMOUNT: \$212,674,000.00
GRANT COMPONENT: \$27,750,000.00
LOAN COMPONENT: \$184,924,000.00
ESTIMATED REASONABLE PROJECT COST: \$212,674,000.00**

**ELIGIBLE WORK START DATE: DECEMBER 9, 2016
ELIGIBLE CONSTRUCTION START DATE: JULY 6, 2020
CONSTRUCTION COMPLETION DATE: DECEMBER 31, 2023
FINAL DISBURSEMENT REQUEST DATE: JUNE 30, 2024
FINAL PAYMENT DATE: FINAL PAYMENT DATE: JANUARY 1, 2053
RECORDS RETENTION END DATE: DECEMBER 31, 2059**

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AGREEMENT

1. AUTHORITY.

(a) The State Water Resources Control Board (State Water Board) is authorized, and implements its authority, to provide financial assistance under this Agreement pursuant to Section 116760 et seq. of the Health and Safety Code, Resolution Nos. 2019-0065 and 2020-0022, Section 80140 of the Public Resources Code, and Resolution No. 2019-0032.

(b) The Recipient is authorized to enter into this Installment Sale Agreement (Agreement) pursuant to Resolution No. 2019-006 (adopted June 20, 2019).

2. INTENTION.

(a) The Recipient desires to receive financial assistance for and undertake work required for the drinking water construction Project according to the terms and conditions set forth in this Agreement.

(b) The State Water Board proposes to assist in providing financial assistance for eligible costs of the Project in the amount set forth in Exhibit B, according to the terms and conditions set forth in this Agreement, with the expectation that the Recipient shall repay all of the financial assistance to the State Water Board.

(c) The Recipient intends to evidence its obligation to submit Payments to the State Water Board and secure its obligation with Net Revenues of its water enterprise, as set forth in Exhibit B, according to the terms and conditions set forth in this Agreement.

(d) The Recipient intends to certify and evidence its compliance with the Tax Covenants set forth in Exhibit F.

3. AGREEMENT, TERM, DOCUMENTS INCORPORATED BY REFERENCE.

In consideration of the mutual representations, covenants and agreements herein set forth, the State Water Board and the Recipient, each binding itself, its successors and assigns, do mutually promise, covenant, and agree to the terms, provisions, and conditions of this Agreement.

(a) The Recipient hereby sells to the State Water Board and the State Water Board hereby purchases from the Recipient the Project. Simultaneously therewith, the Recipient hereby purchases from the State Water Board, and the State Water Board hereby sells to the Recipient, the Project in accordance with the provisions of this Agreement. All right, title, and interest in the Project shall immediately vest in the Recipient on the date of execution and delivery of this Agreement by both parties without further action on the part of the Recipient or the State Water Board.

(b) Subject to the satisfaction of any condition precedent to this Agreement, this Agreement shall become effective upon the signature of both the Recipient and the State Water Board. Conditions precedent are not limited to the following:

- i. The Recipient must deliver to the Division a resolution authorizing this Agreement.
- ii. The Recipient must deliver an opinion of its general counsel satisfactory to the State Water Board's counsel dated on or after the date that the Recipient signs this Agreement. The Recipient also must deliver an opinion of bond counsel for each Member Agency satisfactory to the State Water Board's counsel dated on or after the date that the Recipient signs this Agreement.

(c) Upon execution, the term of the Agreement shall begin on the Eligible Work Start Date and extend through the Final Payment Date.

(d) This Agreement includes the following exhibits and attachments thereto:

- i. EXHIBIT A – SCOPE OF WORK
- ii. EXHIBIT B – FUNDING TERMS
- iii. EXHIBIT C – GENERAL & PROGRAMMATIC TERMS & CONDITIONS
- iv. EXHIBIT D – SPECIAL CONDITIONS
- v. EXHIBIT E – PAYMENT SCHEDULE
- vi. EXHIBIT F – TAX CERTIFICATE

(e) This Agreement includes the following documents incorporated by reference:

- i. Design-Build Contract for the Regional Surface Water Supply Project Between Stanislaus Regional Water Authority and CH2M HILL Engineers, Inc. dated July 6, 2020, which was awarded by the Recipient on June 29, 2020;
- ii. Recipient's Reimbursement Resolution No. 2017-008 dated July 7, 2017;
- iii. the Recipient's Tax Questionnaire dated June 3, 2019.
- iv. the Davis-Bacon requirements found at: https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/davisbac on/2020_dwsrf_governmental_entities.pdf;
- v. SRWA Regional Surface Water Supply Project SRF-Related Funding Agreement dated as of February 1, 2021.

4. PARTY CONTACTS

State Water Board		Stanislaus Regional Water Authority	
Section:	Division of Financial Assistance		
Name:	Marques Tamanaha	Name:	Robert Granberg – General Manager
Address:	1001 I Street, 16 th Floor	Address:	156 S. Broadway Suite 270
City, State, Zip:	Sacramento, CA 95814	City, State, Zip:	Turlock, CA 95380
Phone:	(916) 449-5645	Phone:	(209) 401-0439
Fax:		Fax:	
Email:	marques.tamanaha@waterboards.ca.gov	Email:	granbergassociates@gmail.com

The Recipient may change its contact upon written notice to the Division, which notice shall be accompanied by authorization from the Recipient's Authorized Representative. The State Water Board will notify the Recipient of any changes to its contact.

While the foregoing are contacts for day-to-day communications regarding Project work, the Recipient shall provide official communications and events of Notice as set forth in Exhibit C to the Division's Deputy Director.

5. DEFINITIONS.

Unless otherwise specified, each capitalized term used in this Agreement has the following meaning:

"Additional Payments" means the reasonable extraordinary fees and expenses of the State Water Board, and of any assignee of the State Water Board's right, title, and interest in and to this Agreement, in connection with this Agreement, including all expenses and fees of accountants, trustees, staff,

contractors, consultants, costs, insurance premiums and all other extraordinary costs reasonably incurred by the State Water Board or assignee of the State Water Board.

"Allowance" means an amount based on a percentage of the accepted bid for an eligible project to help defray the planning, design, and construction engineering and administration costs of the Project.

"Agreement" means this agreement, including all exhibits and attachments hereto.

"Authorized Representative" means the duly appointed representative of the Recipient as set forth in the certified original of the Recipient's authorizing resolution that designates the authorized representative by title.

"Bank" means the California Infrastructure and Economic Development Bank.

"Bond Funded Portion of the Project Funds" means any portion of the Project Funds which was or will be funded with Bond Proceeds.

"Bond Proceeds" means original proceeds, investment proceeds, and replacement proceeds of Bonds.

"Bonds" means any series of bonds issued by the Bank, the interest on which is excluded from gross income for federal tax purposes, all or a portion of the proceeds of which have been, are, or will be applied by the State Water Board to fund all or any portion of the Project Costs or that are secured in whole or in part by Payments paid hereunder.

"Ceres Net Revenues" has the same meaning as "Net Revenues" defined in the Water Installment Agreement by and between the City of Ceres and CN Financing, Inc., dated as of March 1, 2020 (which is an exhibit to the SRWA Funding Agreement), as the same may be supplemented, amended or replaced in accordance with the terms thereof.

"Charge In Lieu of Interest" means any fee or charge in lieu of some or all of, but not to exceed, the interest that would otherwise be owed under this Agreement, as set forth in Exhibit E.

"Code" as used in Exhibit F of this Agreement means the Internal Revenue Code of 1986, as amended, and any successor provisions and the regulations of the U.S. Department of the Treasury promulgated thereunder.

"Completion of Construction" means the date, as determined by the Division after consultation with the Recipient, that the work of building and erection of the Project is substantially complete, and is identified in Exhibit A of this Agreement.

"Cover Page" means the front page of this Agreement.

"Days" means calendar days unless otherwise expressly indicated.

"Debt Service" means, as of any date, with respect to outstanding System Obligations and, in the case of the additional debt tests in Exhibit B of this Agreement, any System Obligations that are proposed to be outstanding, the aggregate amount of principal and interest scheduled to become due (either at maturity or by mandatory redemption), together with any Charge In Lieu of Interest on this Obligation or other System Obligations to the State Water Board, calculated with the following assumptions:

a. Principal payments (unless a different subdivision of this definition applies for purposes of determining principal maturities or amortization) are made in accordance with any amortization schedule published for such principal, including any minimum sinking fund payments;

- b. Interest on a variable rate System Obligation that is not subject to a swap agreement and that is issued or will be issued as a tax-exempt obligation under federal law, is the average of the SIFMA Municipal Swap Index, or its successor index, during the 24 months preceding the date of such calculation;
- c. Interest on a variable rate System Obligation that is not subject to a swap agreement and that is issued or will be issued as a taxable obligation under federal law, is the average of LIBOR, or its successor index, during the 24 months preceding the date of such calculation;
- d. Interest on a variable rate System Obligation that is subject to a swap agreement is the fixed swap rate or cap strike rate, as appropriate, if the variable rate has been swapped to a fixed rate or capped pursuant to an interest rate cap agreement or similar agreement;
- e. Interest on a fixed rate System Obligation that is subject to a swap agreement such that all or a portion of the interest has been swapped to a variable rate shall be treated as variable rate debt under subdivisions (b) or (c) of this definition of Debt Service;
- f. Payments of principal and interest on a System Obligation are excluded from the calculation of Debt Service to the extent such payments are to be paid from amounts then currently on deposit with a trustee or other fiduciary and restricted for the defeasance of such System Obligations;
- g. If 25% or more of the principal of a System Obligation is not due until its final stated maturity, then principal and interest on that System Obligation may be projected to amortize over the lesser of 30 years or the Useful Life of the financed asset, and interest may be calculated according to subdivisions (b)-(e) of this definition of Debt Service, as appropriate.

"Deputy Director" means the Deputy Director of the Division.

"District Office" means District Office of the Division of Drinking Water of the State Water Board.

"Division" means the Division of Financial Assistance of the State Water Board or any other segment of the State Water Board authorized to administer this Agreement.

"Division of Drinking Water" means the Division of Drinking Water of the State Water Board.

"Eligible Construction Start Date" means the date set forth on the Cover Page of this Agreement, establishing the date on or after which construction costs may be incurred and eligible for reimbursement hereunder.

"Eligible Work Start Date" means the date set forth on the Cover Page of this Agreement, establishing the date on or after which any non-construction costs may be incurred and eligible for reimbursement hereunder.

"Enterprise Fund" means the enterprise fund of the Recipient in which Revenues are deposited.

"Event of Default" means the occurrence of any of the following events:

- a) Failure by the Recipient to make any payment required to be paid pursuant to this Agreement, including Payments;
- b) A representation or warranty made by or on behalf of the Recipient in this Agreement or in any document furnished by or on behalf of the Recipient to the State Water Board pursuant to this Agreement shall prove to have been inaccurate, misleading or incomplete in any material respect;

- c) A material adverse change in the condition of the Recipient, the Revenues, or the System, which the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement.
- d) Failure by the Recipient to comply with the additional debt test or reserve fund requirement, if any, in Exhibit B or Exhibit D of this Agreement;
- e) Failure to operate the System or the Project without the Division's approval;
- f) Failure by the Recipient to observe and perform any covenant, condition, or provision in this Agreement, which failure shall continue for a period of time, to be determined by the Division;
- g) The occurrence of a material breach or event of default under any System Obligation that results in the acceleration of principal or interest or otherwise requires immediate prepayment, repurchase or redemption;
- h) Initiation of proceedings seeking arrangement, reorganization, or any other relief under any applicable bankruptcy, insolvency, or other similar law; the appointment of or taking possession of the Recipient's property by a receiver, liquidator, assignee, trustee, custodian, conservator, or similar official; the Recipient's entering into a general assignment for the benefit of creditors; the initiation of resolutions or proceedings to terminate the Recipient's existence, or any action in furtherance of any of the foregoing;
- i) A determination pursuant to Gov. Code section 11137 that the Recipient has violated any provision in Article 9.5 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code;
- j) The occurrence of a material breach or event of default under any of the following agreements, which agreements provide for payments to the Recipient for the payment of Debt Service:
 - SRWA Regional Surface Water Supply Project SRF-Related Funding Agreement, dated as of February 1, 2021; or
- k) Loss of the Recipient's rights, licenses, permits, or privileges necessary for the operation of the System or the Project, or the occurrence of any material restraint on the Recipient's enterprise by a government agency or court order.

"Final Disbursement Request Date" means the date set forth as such on the Cover Page of this Agreement, after which date, no further Project Funds disbursements may be requested.

"Final Payment Date" is the date by which all principal and accrued interest due under this Agreement is to be paid in full to the State Water Board and is specified on the Cover Page of this Agreement.

"Fiscal Year" means the period of twelve (12) months terminating on June 30 of any year, or any other annual period selected and designated by the Recipient as its Fiscal Year in accordance with applicable law.

"Force Account" means the use of the Recipient's own employees, equipment, or resources for the Project.

"GAAP" means generally accepted accounting principles, the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor, or the Uniform System of Accounts, as adopted by the California Public Utilities Commission for water utilities.

"Guidelines" means the State Water Board's "Proposition 68 Drinking Water Program Funding guidelines" as set forth in the Intended Use Plan in effect as of the execution date of this Agreement.

"Initiation of Construction" means the date that notice to proceed with work is issued for the Project, or, if notice to proceed is not required, the date of commencement of building and erection of the Project.

"Listed Event" means, so long as the Recipient has outstanding any System Obligation subject to Rule 15c2-12, any of the events required to be reported with respect to such System Obligation pursuant to Rule 15c2-12(b)(5).

"Material Obligation" means an obligation of the Recipient that is material to this transaction, including System Obligations.

"Maximum Annual Debt Service" means, as of the date of calculating any annual sum, the maximum amount of Debt Service due on System Obligations in the current or any future Fiscal Year during the period commencing with the Fiscal Year for which such calculation is made and within the next five years in which Debt Service for any System Obligations will become due.

"Member Agency" means any one of, and "Member Agencies" means both of, the City of Ceres, and the City of Turlock.

"Member Agency Net Revenues" means the Ceres Net Revenues and Turlock Net Revenues.

"Member Agency Obligations" means the debt obligations of the Member Agencies secured by a parity lien on Ceres Net Revenues or Turlock Net Revenues, as the case may be, and which include the following as of the date of this Agreement:

- City of Ceres 2020 Water Revenue Refunding Bonds
- Turlock Public Financing Authority Water Revenue Bonds, Series 2017

"Net Revenues" means, for any Fiscal Year, all Revenues received by the Recipient less the Operations and Maintenance Costs for such Fiscal Year.

"Obligation" means the obligation of the Recipient to make Payments (including Additional Payments) as provided herein, as evidenced by the execution of this Agreement, proceeds of such obligations being used to fund the Project as specified in the Project Description in Exhibit A and Exhibit B and in the documents thereby incorporated by reference.

"Operations and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the Recipient for maintaining and operating the System, determined in accordance with GAAP, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all reasonable and necessary administrative costs of the Recipient that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses, and charges to operate the System and insurance premiums; but excluding, in all cases depreciation, replacement, and obsolescence charges or reserves therefor and amortization of intangibles.

"Parity Obligation" means a debt obligation of the Recipient on parity with this Obligation. There are no Parity Obligations.

"Payment" means any payment due to the State Water Board from the Recipient pursuant to this Agreement.

"Policy" means the State Water Board's "Policy for Implementing the Drinking Water State Revolving Fund," as amended from time to time, including the Intended Use Plan in effect as of the execution date of this Agreement.

"Project" means the Project financed by this Agreement as described in Exhibits A and B and in the documents incorporated by reference herein.

"Project Completion" means the date, as determined by the Division after consultation with the Recipient, that operation of the Project is initiated or is capable of being initiated, whichever comes first.

"Project Costs" means the incurred costs of the Recipient which are eligible for financial assistance under this Agreement, which are allowable costs as defined under the Policy, and which are reasonable, necessary and allocable by the Recipient to the Project under GAAP, and may include capitalized interest.

"Project Funds" means all moneys disbursed to the Recipient by the State Water Board for eligible Project Costs pursuant to this Agreement.

"Recipient" means Stanislaus Regional Water Authority.

"Records Retention End Date" means the last date that the Recipient is obligated to maintain records and is set forth on the Cover Page of this Agreement.

"Regional Water Quality Control Board" or "Regional Water Board" means the appropriate Regional Water Quality Control Board.

"Reimbursement Resolution" means the Recipient's reimbursement resolution identified and incorporated by reference in this Agreement.

"Reserve Fund" means the reserve fund required pursuant to Exhibit B of this Agreement.

"Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the Recipient from the ownership or operation of the System, determined in accordance with GAAP, including all rates, fees, and charges (including connection fees and charges) as received by the Recipient for the services of the System, and all other income and revenue howsoever derived by the Recipient from the ownership or operation of the System or arising from the System, including all income from the deposit or investment of any money in the Enterprise Fund or any rate stabilization fund of the Recipient or held on the Recipient's behalf, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.

"Rule 15c2-12(b)(5)" means Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

"Senior Obligation" means a debt obligation of the Recipient that is senior to this Obligation. There are no Senior Obligations.

"SRF" means the Drinking Water State Revolving Fund.

"SRWA Funding Agreement" means the SRWA Regional Surface Water Supply Project SRF-Related Funding Agreement, among the Recipient and the Member Agencies, dated as of February 1, 2021, and as amended from time to time.

"State" means State of California.

“State Water Board” means the State Water Resources Control Board.

“Subordinate Obligation” means a debt obligation of the Recipient that is subordinate to this Obligation. There are no Subordinate Obligations.

“System” means all drinking water collection, transport, treatment, storage, and delivery facilities, including land and easements thereof, owned by the Recipient, including the Project, and all other properties, structures, or works hereafter acquired and constructed by the Recipient and determined to be a part of the System, together with all additions, betterments, extensions, or improvements to such facilities, properties, structures, or works, or any part thereof hereafter acquired and constructed.

“System Obligation” means any obligation of the Recipient payable from the Revenues, including but not limited to this Obligation, any Parity Obligation, any Subordinate Obligation, and such additional obligations as may hereafter be issued in accordance with the provisions of such obligations and this Agreement.

“Turlock Net Revenues” has the same meaning as “Net System Revenues” defined in the Master Installment Purchase Agreement between the City of Turlock and the Turlock Public Financing Authority, dated as of June 1, 2017, Relating to Installment Payments Secured by the Water Fund of the City of Turlock, California (which is an exhibit to the SRWA Funding Agreement), as the same may be supplemented, amended or replaced in accordance with the terms thereof.

“Useful Life” means the economically useful life of the Project beginning at Completion of Construction and is set forth in Exhibit A.

“Year” means calendar year unless otherwise expressly indicated.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

STANISLAUS REGIONAL WATER AUTHORITY:

By: _____
Name: Robert Granberg
Title: General Manager

Date: _____

STATE WATER RESOURCES CONTROL BOARD:

By: _____
Name: Joe Karkoski
Title: Deputy Director
Division of Financial Assistance

Date: _____

EXHIBIT A – SCOPE OF WORK

A.1. PROJECT DESCRIPTION, USEFUL LIFE, AND SCOPE OF WORK.

- (a) The Project is the project set forth on the Cover Page of this Agreement.
- (b) The Useful Life of this Project is at least 30 years.
- (c) Scope of Work.

The Recipient agrees to do the following: The Recipient will construct a new surface water treatment plant (WTP) at an existing diversion point along the Tuolumne River and construct finished water transmissions to the cities of Ceres and Turlock.

Construction includes:
Raw water pump station.

Approximately 4,000 linear feet of 60-inch diameter pipeline from raw water pump station to the WTP site.

Water Treatment Plant, including: coagulation/flocculation/sedimentation basins, intermediate ozone disinfection, granular media filtration, chlorine contact basins, and clearwell storage.
WTP site improvements, including: finished water pump station, chemical storage facilities, operations and maintenance buildings, and sludge drying beds.

Approximately 7.3 miles of 42-inch diameter welded steel finished water transmission main from WTP to Turlock.

Approximately 5 miles of 30-inch diameter welded steel finished water transmission main to Ceres.

Upon Completion of Construction, the Recipient must expeditiously initiate Project operations.

A.2. STANDARD PROJECT REQUIREMENTS.

A.2.1 Acknowledgements.

The Recipient shall include the following acknowledgement in any document, written report, or brochure prepared in whole or in part pursuant to this Agreement:

“Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board.

California’s Drinking Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds.

The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.”

A.2.2 Reports

A.2.2.1 Progress Reports.

(a) The Recipient must provide a progress report to the Division each quarter, beginning no later than 90 days after execution of this Agreement.

(b) The Recipient must provide a progress report with each disbursement request. Failure to provide a complete and accurate progress report may result in the withholding of Project Funds, as set forth in Exhibit B.

(c) A progress report must contain the following information:

- i. A summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, and percent schedule elapsed;
- ii. A description of compliance with environmental requirements;
- iii. A listing of change orders including amount, description of work, and change in contract amount and schedule; and
- iv. Any problems encountered, proposed resolution, schedule for resolution, and status of previous problem resolutions.

A.2.2.2 Project Completion Report.

(a) The Recipient must submit a Project Completion Report to the Division with a copy to the appropriate District Office on or before the due date established by the Division and the Recipient at the time of final project inspection. The Project Completion Report must include the following:

- i. Description of the Project,
- ii. Description of the water quality problem the Project sought to address,
- iii. Discussion of the Project's likelihood of successfully addressing that water quality problem in the future, and
- iv. Summary of compliance with applicable environmental conditions.

(b) If the Recipient fails to submit a timely Project Completion Report, the State Water Board may stop processing pending or future applications for new financial assistance, withhold disbursements under this Agreement or other agreements, and begin administrative proceedings.

A.2.2.3 As Needed Reports.

The Recipient must provide expeditiously, during the term of this Agreement, any reports, data, and information reasonably required by the Division, including but not limited to material necessary or appropriate for evaluation of the funding program or to fulfill any reporting requirements of the state or federal government.

A.2.2.4 DBE Reports for SRF Projects.

The Recipient must report Disadvantaged Business Enterprise (DBE) utilization to the Division on the DBE Utilization Report, State Water Board Form DBE UR334. The Recipient must submit such reports to the Division annually within ten (10) calendar days following October 1 until such time as the "Notice of Completion" is issued. The Recipient must comply with 40 CFR § 33.301 and require its contractors and subcontractors on the Project to comply.

A.2.3 Signage.

The Recipient shall place a sign at least four feet tall by eight feet wide made of ¾ inch thick exterior grade plywood or other approved material in a prominent location on the Project site and shall maintain the sign in good condition for the duration of the construction period. The sign must include the following disclosure statement and color logos (available from the Division):



a.

b. "Funding for this \$212,674,000.00 Regional Surface Water Supply project has been provided in full or in part by Proposition 68 and the Drinking Water State Revolving Fund through an agreement with the State Water Resources Control Board. California's Drinking Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds."

b. The Project sign may include another agency's required promotional information so long as the above logos and disclosure statement are equally prominent on the sign. The sign shall be prepared in a professional manner.

A.2.4 Commencement of Operations.

Upon Completion of Construction of the Project, the Recipient must expeditiously initiate Project operations.

A.3 DATES & DELIVERABLES.

(a) Time is of the essence.

(b) The Recipient must expeditiously proceed with and complete construction of the Project.

(c) The following dates are established as on the Cover Page of this Agreement:

- i. Eligible Work Start Date
- ii. Eligible Construction Start Date
- iii. Completion of Construction Date
- iv. Final Disbursement Request Date
- v. Records Retention End Date
- vi. Final Payment Date

(d) The Recipient has awarded a design-build contract to CH2M HILL Engineers, Inc. for the design and construction of the Project

- (e) The Recipient agrees to start construction no later than February 1, 2022.
- (f) The Recipient must deliver any request for extension of the Completion of Construction date no less than 90 days prior to the Completion of Construction date.
- (g) The undisbursed balance of this Agreement will be deobligated if the Recipient does not provide its final Disbursement Request to the Division on or before the Final Disbursement Request Date, unless prior approval has been granted by the Division.

EXHIBIT A-FBA – FINAL BUDGET APPROVAL

Table 1: Approved Construction Bid Amount

CONTRACTOR	AMOUNT BID	APPROVED COSTS
CH2M Hill	\$195,400,357	\$188,099,441

1 - BUDGET

Table 2: Approved Final Project Budget

PROJECT COST TABLE	
TYPE OF WORK	APPROVED BUDGET
A. Construction	
CH2M Hill	\$188,099,441
B. Pre-Purchased Material/Equipment	\$0
C. Land Purchase	\$1,690,808
D. Change Order Contingency	\$13,056,738
E. Allowances	
Planning & Design	\$1,289,345
Construction Management	\$2,570,311
Administration	\$5,967,357
Value Engineering	\$0
Subtotal - E	\$9,827,013
TOTAL (Subtotal A+B+C+D+E)	\$212,674,000

Note: Adjustments may be made between line items on the final disbursement.

2 - PROJECT ELIGIBILITY DETERMINATION

The eligibility determinations and conditions of approval identified below are based on the review of:

- Request for Proposal for the Project received April 22, 2019, dated December 2018;
- Addenda Nos. 1, 2, 3, and 4, issued February 11, 2019, March 19, 2019, April 1, 2019, and April 5, 2019, respectively.

The eligibility determination for the bid items shown in the schedule of values provided by the Recipient are as follows:

Table 3: Eligibility Determination Agreement:

Bid Item	Description	Percent Eligibility
1	Design, Engineering, and Preconstruction	100%
2	Design-Builder General Conditions	100%
3	Engineering Services During Construction	100%
4	Procurement and Planning	100%
5	Construction	100%
6	Commissioning	100%
7	Instrumentation, Controls, and Programming	100%
7	Bonds, Insurances, Other	100%
8	Allowances	100%

Bid items as shown in the schedule of values provided by the Recipient

Note: Turlock Irrigation District is anticipated to pay for some Project Costs. Any costs paid by funding sources outside this Agreement are ineligible for reimbursement.

Eligibility Determination Conditions of Approval

1. Necessary insurance directly related to the construction contract and extending throughout the period of the construction contract will be eligible for DWSRF financing. This includes builder risk insurance, public liability insurance, fire, and Project specific insurance.
2. Earthquake insurance and "Act of God" insurance are ineligible for funding.
3. Asphalt pavement, corresponding improvements, and excavation and refill materials due to trenching are limited to replacement of the trench width plus one foot on each side of the trench disturbed due to the construction work of the subject contract only. Full lane width paving or slurry seal is eligible only if required by ordinance or code.
4. The cost of local permits and licenses other than those issued by the Recipient are eligible for DWSRF financing.
5. The approved change order contingency may not be increased above the approved contingency shown in Table 2. Any unclaimed construction or allowance costs may also be used towards approved construction change orders. The change order approval may not: (1) increase the maximum amount of the financing agreement based on Table 2: Approved Construction Budget, (2) increase the term of the financing agreement, or (3) result in a substantial change in the Project scope.
6. Review of the P&S by the Division is conducted to determine eligibility and administrative compliance with the Policy. Issuance of the FBA does not relieve the Recipient and the design engineer of their legal liability for the adequacy of the design.

3 – PROJECT COMPLETION

Project Completion Report

The Project completion report shall contain the following:

1. A description of the final constructed Project.
2. A description of the water quality or quantity problem the Project sought to address.
3. A discussion of the Project's likelihood of successfully addressing that water quality or quantity problem in the future, and
4. Summarize compliance with environmental conditions, if applicable.

Project Completion Reporting

1. The Recipient must notify the appropriate Division of Drinking Water (DDW) District Office and the Division of Financial Assistance that its project was completed by submitting a Project Completion Report to the Division with a copy to the DDW District Office.

The Project Completion Report must be submitted on or before the due date established per Section XIV.B.2 of the DWSRF Policy.

EXHIBIT B – FUNDING TERMS

B.1. FUNDING AMOUNTS AND DISBURSEMENTS

B.1.1 Funding Contingency and Other Sources.

(a) If this Agreement's funding for any fiscal year expires due to reversion or is reduced, substantially delayed, or deleted by the Budget Act, by Executive Order, or by order or action of the Department of Finance, the State Water Board has the option to either cancel this Agreement with no liability accruing to the State Water Board, or offer an amendment to the Recipient to reflect the reduced amount.

(b) If funding for Project Costs is made available to the Recipient from sources other than this Agreement, the Recipient must notify the Division. The Recipient may retain such funding up to an amount which equals the Recipient's share of Project Costs. To the extent allowed by requirements of other funding sources, excess funding must be remitted to the State Water Board to be applied to Payments due hereunder, if any.

B.1.2 Estimated Reasonable Cost.

The estimated reasonable cost of the total Project, including associated planning and design costs is two hundred twelve million six hundred seventy-four thousand dollars and no cents (\$212,674,000.00).

B.1.3 Project Funding Amount.

Subject to the terms of this Agreement, the State Water Board agrees to provide Project Funds not to exceed the amount of the Project Funding Amount set forth on the Cover Page of this Agreement.

B.1.4 Reserved.

B. 1.5 Budget Costs.

(a) Estimated budget costs are contained in the Summary Project Cost Table below:

LINE ITEM	TOTAL ESTIMATED COST	PROJECT FUNDING AMOUNT
Construction	\$188,099,441	\$188,099,441
Pre-Purchased Material/Equipment	\$0	\$0
Purchase of Land	\$1,690,808	\$1,690,808
Contingency	\$13,056,738	\$13,056,738
Allowances (Soft Costs)	\$9,827,013	\$9,827,013
TOTAL	\$212,674,000	\$212,674,000

The Division's Final Budget Approval and related Form 259 and Form 260 will document a more detailed budget of eligible Project Costs and Project funding amounts.

Upon written request by the Recipient, the Division may adjust the line items of the Summary Project Cost Table at the time of Division's Final Budget Approval. Upon written request by the Recipient, the Division may also adjust the line items of the Summary Project Cost Table as well as the detailed budget at the time of Recipient's submittal of its final claim. Any line item adjustments to the Summary Project Cost Table that are due to a change in scope of work will require an Agreement amendment. The sum of adjusted line items in both the Summary Project Cost Table and the detailed budget must not exceed the Project Funding Amount. The Division may also propose budget adjustments.

(b) Under no circumstances may the sum of line items in the Final Budget Approval exceed the Project Funding Amount.

B.1.6 Contingent Disbursement.

(a) The State Water Board's disbursement of funds hereunder is contingent on the Recipient's compliance with the terms and conditions of this Agreement.

(b) The State Water Board's obligation to disburse Project Funds is contingent upon the availability of sufficient funds to permit the disbursements provided for herein. If sufficient funds are not available for any reason, including but not limited to failure of the federal or State government to appropriate funds necessary for disbursement of Project Funds, the State Water Board shall not be obligated to make any disbursements to the Recipient under this Agreement. This provision shall be construed as a condition precedent to the obligation of the State Water Board to make any disbursements under this Agreement. Nothing in this Agreement shall be construed to provide the Recipient with a right of priority for disbursement over any other entity. If any disbursements due the Recipient under this Agreement are deferred because sufficient funds are unavailable, it is the intention of the State Water Board that such disbursement will be made to the Recipient when sufficient funds do become available, but this intention is not binding.

(c) Construction costs and disbursements are not available until after the Division has approved the final budget form submitted by the Recipient.

(d) No costs incurred prior to the Eligible Work Start Date are eligible for reimbursement.

(e) Construction costs incurred prior to the Eligible Construction Start Date are not eligible for reimbursement.

(f) Failure to proceed according to the timelines set forth in this Agreement may require the Recipient to repay to the State Water Board all disbursed Project Funds.

(g) The Recipient agrees to ensure that its final Disbursement Request is received by the Division no later than the Final Disbursement Request Date, unless prior approval has been granted by the Division. If the final Disbursement Request is not received timely, the undisbursed balance of this Agreement will be deobligated.

(h) The Recipient is not entitled to interest earned on undisbursed funds.

B.1.7 Disbursement Procedure.

Except as may be otherwise provided in this Agreement, disbursement of Project Funds will be made as follows:

1. Upon execution and delivery of this Agreement by both parties, the Recipient may request immediate disbursement of any eligible incurred planning and design allowance costs through submission to the State Water Board of the Disbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed.
2. The Recipient must submit a disbursement request for costs incurred prior to the date this Agreement is executed by the State Water Board no later than ninety (90) days after this Agreement is executed by the State Water Board. Late disbursement requests may not be honored.
3. The Recipient may request disbursement of eligible construction and equipment costs consistent with budget amounts approved by the Division in the Final Budget Approval.
4. Additional Project Funds will be promptly disbursed to the Recipient upon receipt of Disbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed by the Recipient for incurred costs consistent with this Agreement, along with receipt of progress reports due under Exhibit A.
5. The Recipient must not request disbursement for any Project Cost until such cost has been incurred and is currently due and payable by the Recipient, although the actual payment of such cost by the Recipient is not required as a condition of disbursement request. Supporting documentation (e.g., receipts) must be submitted with each Disbursement Request. The amount requested for administration costs must include a calculation formula (i.e., hours or days worked times the hourly or daily rate = total amount claimed). Disbursement of Project Funds will be made only after receipt of a complete, adequately supported, properly documented, and accurately addressed Disbursement Request. Disbursement Requests submitted without supporting documents may be wholly or partially withheld at the discretion of the Division.
6. The Recipient must spend Project Funds within 30 days of receipt. If the Recipient earns interest earned on Project Funds, it must report that interest immediately to the State Water Board. The State Water Board may deduct earned interest from future disbursements.
7. The Recipient shall not request a disbursement unless that Project Cost is allowable, reasonable, and allocable.
8. Notwithstanding any other provision of this Agreement, no disbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, policies, or regulations.
9. No work or travel outside the State of California is permitted under this Agreement unless the Division provides prior written authorization. Failure to comply with this restriction may result in termination this Agreement, pursuant to Exhibit C. Any reimbursement for necessary travel and per diem shall be at rates not to exceed those set by the California Department of Human Resources at <http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>. as of the date costs are incurred by the Recipient.

B.1.8 Withholding of Disbursements.

Notwithstanding any other provision of this Agreement, the State Water Board may withhold all or any portion of the Project Funds upon the occurrence of any of the following events:

- (a) The Recipient's failure to maintain reasonable progress on the Project as determined by the Division;
- (b) Placement on the ballot or passage of an initiative or referendum to repeal or reduce the Recipient's or a Member Agency's taxes, assessments, fees, or charges levied for operation of the System or payment of debt service on System Obligations;
- (c) Commencement of litigation or a judicial or administrative proceeding related to the Project, System, Revenues or Member Agency Net Revenues that the State Water Board determines may impair the timely satisfaction of Recipient's obligations under this Agreement;
- (d) Any investigation by the District Attorney, California State Auditor, Bureau of State Audits, United States Environmental Protection Agency's Office of Inspector General, the Internal Revenue Service, Securities and Exchange Commission, a grand jury, or any other state or federal agency, relating to the Recipient's or a Member Agency's financial management, accounting procedures, or internal fiscal controls;
- (e) A material adverse change in the condition of the Recipient, the Revenues, a Member Agency, the Member Agency Net Revenues, or the System, that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement, or any other event that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement;
- (f) The Recipient's material violation of, or threat to materially violate, any term of this Agreement;
- (g) Suspicion of fraud, forgery, embezzlement, theft, or any other misuse of public funds by the Recipient or its employees, or by its contractors or agents regarding the Project or the System;
- (h) An event requiring Notice as set forth in Exhibit C;
- (i) An Event of Default or an event that the Division determines may become an Event of Default; or
- (j) A default under the SRWA Funding Agreement.

B.1.9 Fraud and Misuse of Public Funds.

All requests for disbursement submitted must be accurate and signed by the Recipient's Authorized Representative under penalty of perjury. All costs submitted pursuant to this Agreement must only be for the work or tasks set forth in this Agreement. The Recipient must not submit any invoice containing costs that are ineligible or have been reimbursed from other funding sources unless required and specifically noted as such (i.e., match costs). Any eligible costs for which the Recipient is seeking reimbursement shall not be reimbursed from any other source. Double or multiple billing for time, services, or any other eligible cost is improper and will not be compensated. Any suspected occurrences of fraud, forgery, embezzlement, theft, or any other misuse of public funds may result in suspension of disbursements and, notwithstanding any other section in this Agreement, the termination of this Agreement requiring the repayment of all Project Funds disbursed hereunder. Additionally, the Deputy Director of the Division may request an audit and refer the matter to the Attorney General's Office or the appropriate district attorney's office for criminal prosecution or the imposition of civil liability.

B.2 RECIPIENT'S PAYMENT OBLIGATION, PLEDGE, AND RESERVE

B.2.1 Project Costs.

The Recipient must pay any and all costs connected with the Project including, without limitation, any and all Project Costs and Additional Payments. If the Project Funds are not sufficient to pay the Project Costs in full, the Recipient must nonetheless complete the Project and pay that portion of the Project Costs in excess of available Project Funds, and shall not be entitled to any reimbursement therefor from the State Water Board.

B.2.2 Estimated Principal Payment Due.

The estimated amount of principal that will be due to the State Water Board from the Recipient under this Agreement is one hundred eighty-four million nine hundred twenty-four thousand dollars and no cents (\$184,924,000.00).

B.2.3 Interest Rate and In-Lieu of Interest Charges.

(a) The Recipient agrees to make all Payments according to the schedule in Exhibit E, and as otherwise set forth herein, at an interest rate of one and two tenths % (1.2%) per annum.

(b) Interest will accrue beginning with each disbursement.

(c) In lieu of, and not to exceed, interest otherwise due under this Agreement, the Recipient agrees to pay the following charge(s), as further set forth in Exhibit E:

- an Administrative Service Charge
- a Drinking Water Small Community Emergency Grant Fund Charge

B.2.4 Reserved.

B.2.5 Obligation Absolute.

The obligation of the Recipient to make the Payments and other payments required to be made by it under this Agreement, from the Net Revenues and/or other amounts legally available to the Recipient therefor, is absolute and unconditional, notwithstanding a default by a Member Agency under the SRWA Funding Agreement, and until such time as the Payments and Additional Payments have been paid in full, the Recipient must not discontinue or suspend any Payments or other payments required to be made by it hereunder when due, whether or not the Project, or any related part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such Payments and other payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

B.2.6 Payment Timing.

(a) The Recipient must pay interest annually, by January of each year, until one year after Completion of Construction. Beginning no later than one year after Completion of Construction, the Recipient must make annual Payment of the principal of the Project Funds, together with all interest accruing thereon by January 1, 2024. The Recipient must make Payments fully amortizing the total principal of the Project by the Final Payment Date. Payments are based on a standard fully amortized assistance amount with equal annual payments.

(b) The remaining balance is the previous balance, plus the disbursements, plus the accrued interest on both, plus any Charge In Lieu of Interest, less the Payment. Payment calculations will be made beginning

one (1) year after Completion of Construction. Exhibit E is a payment schedule based on the provisions of this Exhibit and an estimated disbursement schedule. Actual payments will be based on actual disbursements.

(c) Upon Completion of Construction and submission of necessary reports by the Recipient, the Division will prepare an appropriate payment schedule and supply the same to the Recipient. The Division may amend this schedule as necessary to accurately reflect amounts due under this Agreement. The Division will prepare any necessary amendments to the payment schedule and send them to the Recipient. The Recipient must make each Payment on or before the due date therefor. A ten (10) day grace period will be allowed, after which time a penalty in the amount of costs incurred by the State Water Board will be assessed for late payment. These costs may include, but are not limited to, lost interest earnings, staff time, bond debt service default penalties, if any, and other related costs. For purposes of penalty assessment, payment will be deemed to have been made if payment is deposited in the U.S. Mail within the grace period with postage prepaid and properly addressed. Any penalties assessed will not be added to the assistance amount balance, but will be treated as a separate account and obligation of the Recipient. The interest penalty will be assessed from the payment due date.

(d) The Recipient is obligated to make all payments required by this Agreement to the State Water Board, notwithstanding any individual default by its constituents or others in the payment to the Recipient of fees, charges, taxes, assessments, tolls or other charges ("Charges") levied or imposed by the Recipient. The Recipient must provide for the punctual payment to the State Water Board of all amounts which become due under this Agreement and which are received from constituents or others in the payment to the Recipient. In the event of failure, neglect or refusal of any officer of the Recipient to levy or cause to be levied any Charge to provide payment by the Recipient under this Agreement, to enforce or to collect such Charge, or to pay over to the State Water Board any money collected on account of such Charge necessary to satisfy any amount due under this Agreement, the State Water Board may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the imposition or levying and collection of any of such Charges and the payment of the money collected therefrom to the State Water Board. Action taken pursuant hereto shall not deprive the State Water Board of, or limit the application of, any other remedy provided by law or by this Agreement.

(e) Each Payment must be paid in lawful money of the United States of America by check or other acceptable form of payment set forth at www.waterboards.ca.gov/make_a_payment. The Recipient must pay Payments and Additional Payments from Net Revenues and/or other amounts legally available to the Recipient therefor.

B.2.7 Pledged Revenues.

B.2.7.1 Establishment of Enterprise Fund and Reserve Fund.

In order to carry out its System Obligations, the Recipient covenants that it shall establish and maintain or shall have established and maintained the Enterprise Fund. All Revenues received shall be deposited when and as received in trust in the Enterprise Fund. As required in this Exhibit, the Recipient must establish and maintain a Reserve Fund.

B.2.7.2 Pledge of Net Revenues, Enterprise Fund, and Reserve Fund.

The Obligation hereunder shall be secured by a lien on and pledge of the Enterprise Fund, Net Revenues, and any Reserve Fund on parity with the Parity Obligations. The Recipient hereby pledges and grants such lien on and pledge of the Enterprise Fund, Net Revenues, and any Reserve Fund to secure the Obligation, including payment of Payments and Additional Payments hereunder. The Net Revenues in the Enterprise Fund, shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Recipient.

B.2.7.3 Application and Purpose of the Enterprise Fund.

Subject to the provisions of any outstanding System Obligation, money on deposit in the Enterprise Fund shall be applied and used first, to pay Operations and Maintenance Costs, and thereafter, all amounts due and payable with respect to the System Obligations in order of priority. After making all payments hereinabove required to be made in each Fiscal Year, the Recipient may expend in such Fiscal Year any remaining money in the Enterprise Fund for any lawful purpose of the Recipient.

B.2.8 No Prepayment.

The Recipient may not prepay any portion of the principal and interest due under this Agreement without the written consent of the Deputy Director of the Division.

B.2.9 Reserve Fund.

Prior to Completion of Construction, the Recipient must establish a restricted Reserve Fund, held in its Enterprise Fund, equal to one year's Debt Service on this Obligation. The Recipient must maintain the Reserve Fund throughout the term of this Agreement. The Reserve Fund is subject to lien and pledged as security for this Obligation, and its use is restricted to payment of this Obligation during the term of this Agreement.

B.3 RATES, FEES AND CHARGES.

(a) The Recipient must, to the extent permitted by law, fix, prescribe and collect Revenues from the Member Agencies during each Fiscal Year which are reasonable, fair, and nondiscriminatory and which will be sufficient to generate Revenues in the amounts necessary to cover Operations and Maintenance Costs, and must ensure that Net Revenues are equal to the sum of (i) at least 120% of the Maximum Annual Debt Service with respect to all outstanding System Obligations senior to and on parity with the Obligation and (ii) at least 100% of the Maximum Annual Debt Service with respect to all outstanding System Obligations subordinate to the Obligation, so long as System Obligations other than this Obligation are outstanding. Upon defeasance of all System Obligations other than this Obligation, this ratio must be at least 120%, except where System Obligations are defeased pursuant to refunding obligations. In the SRWA Funding Agreement, the Recipient shall impose and enforce substantially the same debt service coverage requirements against each Member Agency with respect to the respective Member Agency Net Revenues and outstanding Member Agency Obligations.

(b) The Recipient may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees, and charges will at all times be sufficient to meet the requirements of this section.

(c) Upon consideration of a voter initiative to reduce Revenues, the Recipient must make a finding regarding the effect of such a reduction on the Recipient's ability to satisfy the rate covenant set forth in this Section. The Recipient must make its findings available to the public. The Recipient's Authorized Representative must request, if necessary, the authorization of the Recipient's decision-maker or decision-making body to file litigation to challenge any such initiative that it finds will render it unable to satisfy the rate covenant set forth in this Agreement and its obligation to operate and maintain the Project for its Useful Life. The Recipient must diligently pursue and bear any and all costs related to such challenge. The Recipient must notify and regularly update the State Water Board regarding the status of any such challenge.

B.4 ADDITIONAL DEBT.

(a) The Recipient's future debt that is secured by Revenues pledged herein may not be senior to this Obligation.

(b) The Recipient may issue additional parity debt only if all of the following conditions are met:

- i. Net Revenues in the most recent Fiscal Year, excluding transfers from a rate stabilization fund, if any, meet the ratio for rate covenants set forth in this Exhibit with respect to any outstanding and proposed additional obligations;
- ii. The Recipient is in compliance with any reserve fund requirement of this Obligation.

(c) Notwithstanding the above, the Recipient may incur obligations payable from Net Revenues which is payable on a basis which is junior to the payment of the Payments.

(d) In the SRWA Funding Agreement, the Recipient shall impose and enforce substantially the same restrictions as set forth in this section on the incurrence of additional debt by each Member Agency.

B.5 NO LIENS.

The Recipient must not make any pledge of or place any lien on the Project, System, or Revenues except as otherwise provided or permitted by this Agreement.

EXHIBIT C – GENERAL & PROGRAMMATIC TERMS & CONDITIONS

C.1 REPRESENTATIONS & WARRANTIES.

The Recipient represents, warrants, and commits to the following as of the Eligible Work Start Date and continuing thereafter for the term of this Agreement.

C.1.1 Application and General Recipient Commitments.

The Recipient has not made any untrue statement of a material fact in its application for this financial assistance, or omitted to state in its application a material fact that makes the statements in its application not misleading.

The Recipient agrees to comply with all terms, provisions, conditions, and commitments of this Agreement, including all incorporated documents.

The Recipient agrees to fulfill all assurances, declarations, representations, and commitments in its application, accompanying documents, and communications filed in support of its request for funding under this Agreement.

C.1.2 Authorization and Validity.

The execution and delivery of this Agreement, including all incorporated documents, has been duly authorized by the Recipient. Upon execution by both parties, this Agreement constitutes a valid and binding obligation of the Recipient, enforceable in accordance with its terms, except as such enforcement may be limited by law.

The SRWA Funding Agreement has been duly authorized and executed by the parties thereto and constitutes a valid and binding obligation in accordance with its terms. The SRWA Funding Agreement confirms that each Member Agency is pursuing or has obtained interim financing to finance such Member Agency's share of the Project Costs in anticipation of the execution and delivery of this Agreement, and that the Project Funds disbursed under this Agreement will refinance the portion of each interim financing used to pay Project Costs.

C.1.3 No Violations.

The execution, delivery, and performance by Recipient of this Agreement, including all incorporated documents, do not violate any provision of any law or regulation in effect as of the date set forth on the first page hereof, or result in any breach or default under any contract, obligation, indenture, or other instrument to which Recipient is a party or by which Recipient is bound as of the date set forth on the Cover Page.

C.1.4 No Litigation.

There are, as of the date of execution of this Agreement by the Recipient, no pending or, to Recipient's knowledge, threatened actions, claims, investigations, suits, or proceedings before any governmental authority, court, or administrative agency which materially affect the financial condition or operations of the Recipient, the System, the Revenues, the Member Agency Net Revenues, and/or the Project.

There are no proceedings, actions, or offers by a public entity to acquire by purchase or the power of eminent domain the System or any of the real or personal property related to or necessary for the Project.

C.1.5 Property Rights and Water Rights.

The Recipient owns or has sufficient property rights in the Project property for the longer of the Useful Life or the term of this Agreement, either in fee simple or for a term of years that is not subject to third-party revocation during the Useful Life of the Project.

The Recipient possesses all water rights necessary for this Project.

C.1.6 Solvency and Insurance.

None of the transactions contemplated by this Agreement will be or have been made with an actual intent to hinder, delay, or defraud any present or future creditors of Recipient. The Recipient is solvent and will not be rendered insolvent by the transactions contemplated by this Agreement. The Recipient is able to pay its debts as they become due. The Recipient maintains sufficient insurance coverage considering the scope of this Agreement, including, for example but not necessarily limited to, general liability, automobile liability, workers compensation and employer liability, professional liability.

C.1.7 Legal Status and Eligibility.

The Recipient is duly organized and existing and in good standing under the laws of the State of California. Recipient must at all times maintain its current legal existence and preserve and keep in full force and effect its legal rights and authority. The Recipient acknowledges that changes to its legal or financial status may affect its eligibility for funding under this Agreement and commits to maintaining its eligibility. Within the preceding ten years, the Recipient has not failed to demonstrate compliance with state or federal audit disallowances.

C.1.8 Financial Statements and Continuing Disclosure.

The financial statements of Recipient previously delivered to the State Water Board as of the date(s) set forth in such financial statements: (a) are materially complete and correct; (b) present fairly the financial condition of the Recipient; and (c) have been prepared in accordance with GAAP. Since the date(s) of such financial statements, there has been no material adverse change in the financial condition of the Recipient, nor have any assets or properties reflected on such financial statements been sold, transferred, assigned, mortgaged, pledged or encumbered, except as previously disclosed in writing by Recipient and approved in writing by the State Water Board.

The Recipient is current in its continuing disclosure obligations associated with its material debt, if any.

C.1.9 System Obligations

The Recipient has no System Obligations other than those defined in this Agreement.

C.1.10 No Other Material Debt.

The Recipient has no Material Obligations other than System Obligations.

C.1.11 Compliance with State Water Board Funding Agreements.

The Recipient represents that it is in compliance with all State Water Board funding agreements to which it is a party.

C.2 DEFAULTS AND REMEDIES

In addition to any other remedy set forth in this Agreement, the following remedies are available under this Agreement.

C.2.1 Return of Funds; Acceleration; and Additional Payments.

Notwithstanding any other provision of this Agreement, if the Division determines that an Event of Default has occurred, the Recipient may be required, upon demand, immediately to do each of the following:

- i. return to the State Water Board any grant or principal forgiveness amounts received pursuant to this Agreement;
- ii. accelerate the payment of any principal owed under this Agreement, all of which shall be immediately due and payable;
- iii. pay interest at the highest legal rate on all of the foregoing; and
- iv. pay any Additional Payments.

C.2.2 Reserved.

C.2.3 Judicial remedies.

Whenever the State Water Board determines that an Event of Default shall have occurred, the State Water Board may enforce its rights under this Agreement by any judicial proceeding, whether at law or in equity. Without limiting the generality of the foregoing, the State Water Board may:

- i. by suit in equity, require the Recipient to account for amounts relating to this Agreement as if the Recipient were the trustee of an express trust;
- ii. by mandamus or other proceeding, compel the performance by the Recipient and any of its officers, agents, and employees of any duty under the law or of any obligation or covenant under this Agreement, including but not limited to the imposition and collection of rates for the services of the System sufficient to meet all requirements of this Agreement; and
- iii. take whatever action at law or in equity as may appear necessary or desirable to the State Water Board to collect the Payments then due or thereafter to become due, or to enforce performance of any obligation or covenant of the Recipient under this Agreement.

C.2.4 Termination.

Upon an Event of Default, the State Water Board may terminate this Agreement. Interest shall accrue on all amounts due at the highest legal rate of interest from the date that the State Water Board delivers notice of termination to the Recipient.

C.2.5 Damages for Breach of Tax-Exempt Status.

In the event that any breach of any of the provisions of this Agreement by the Recipient results in the loss of tax-exempt status for any bonds of the State or any subdivision or agency thereof, or if such breach results in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government by reason of any arbitrage profits, the Recipient must immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.

C.2.6 Damages for Breach of Federal Conditions.

In the event that any breach of any of the provisions of this Agreement by the Recipient results in the failure of Project Funds to be used pursuant to the provisions of this Agreement, or if such breach results in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government, the Recipient must immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.

C.2.7 Remedies and Limitations.

None of the remedies available to the State Water Board shall be exclusive of any other remedy, and each such remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. The State Water Board may exercise any remedy, now or hereafter existing, without exhausting and without regard to any other remedy.

Any claim of the Recipient is limited to the rights and remedies provided to the Recipient under this Agreement and is subject to the claims procedures provided to the Recipient under this Agreement.

C.2.8 Non-Waiver.

Nothing in this Agreement shall affect or impair the Recipient's Obligation to pay Payments as provided herein or shall affect or impair the right of the State Water Board to bring suit to enforce such payment. No delay or omission of the State Water Board in the exercise of any right arising upon an Event of Default shall impair any such right or be construed to be a waiver of any such Event of Default. The State Water Board may exercise from time to time and as often as shall be deemed expedient by the State Water Board, any remedy or right provided by law or pursuant to this Agreement.

C.2.9 Status Quo.

If any action to enforce any right or exercise any remedy shall be brought and either discontinued or determined adversely to the State Water Board, then the State Water Board shall be restored to its former position, rights and remedies as if no such action had been brought.

C.3 STANDARD CONDITIONS

C.3.1 Access, Inspection, and Public Records.

The Recipient must ensure that the State Water Board, the Governor of the State, the United States Environmental Protection Agency, the Office of Inspector General, any member of Congress, or any authorized representative of the foregoing, will have safe and suitable access to the Project site at all reasonable times during Project construction and thereafter for the term of the Agreement. The Recipient acknowledges that, except for a subset of information regarding archaeological records, the Project records and locations are public records, including but not limited to all of the submissions accompanying the application, all of the documents incorporated into this Agreement by reference, and all reports, disbursement requests, and supporting documentation submitted hereunder.

C.3.2 Accounting and Auditing Standards; Financial Management Systems; Records Retention.

(a) The Recipient must maintain project accounts according to GAAP as issued by the Governmental Accounting Standards Board (GASB) or its successor. The Recipient must maintain GAAP-compliant project accounts, including GAAP requirements relating to the reporting of infrastructure assets.

(b) The Recipient must comply with federal standards for financial management systems. The Recipient agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit

preparation of reports required by the federal government and tracking of Project funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal or state law or the terms of this Agreement. To the extent applicable, the Recipient is bound by, and must comply with, the provisions and requirements of the federal Single Audit Act of 1984 and 2 CFR Part 200, subpart F, and updates or revisions, thereto.

(c) Without limitation of the requirement to maintain Project accounts in accordance with GAAP, the Recipient must:

- i. Establish an official file for the Project which adequately documents all significant actions relative to the Project;
- ii. Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Project, including all assistance funds received under this Agreement;
- iii. Establish separate accounts which will adequately depict all income received which is attributable to the Project, specifically including any income attributable to assistance funds disbursed under this Agreement;
- iv. Establish an accounting system which will accurately depict final total costs of the Project, including both direct and indirect costs;
- v. Establish such accounts and maintain such records as may be necessary for the State to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations; and
- vi. If Force Account is used by the Recipient for any phase of the Project, other than for planning, design, and construction engineering and administration provided for by allowance, accounts will be established which reasonably document all employee hours charged to the Project and the associated tasks performed by each employee.

(d) The Recipient must maintain separate books, records and other material relative to the Project. The Recipient must also retain such books, records, and other material for itself and for each contractor or subcontractor who performed or performs work on this project for a minimum of thirty-six (36) years after Completion of Construction. The Recipient must require that such books, records, and other material are subject at all reasonable times (at a minimum during normal business hours) to inspection, copying, and audit by the State Water Board, the California State Auditor, the Bureau of State Audits, the United States Environmental Protection Agency (USEPA), the Office of Inspector General, the Internal Revenue Service, the Governor, or any authorized representatives of the aforementioned. The Recipient must allow and must require its contractors to allow interviews during normal business hours of any employees who might reasonably have information related to such records. The Recipient agrees to include a similar duty regarding audit, interviews, and records retention in any contract or subcontract related to the performance of this Agreement. The provisions of this section survive the term of this Agreement.

C.3.3 Amendment.

No amendment or variation of the terms of this Agreement shall be valid unless made in writing and signed by both the Recipient and the Deputy Director or designee.

Requests for amendments must be in writing and directed to the contact listed in Section 4 and to the Division's Chief of Loans and Grants Administration Section.

C.3.4 Assignability.

This Agreement is not assignable by the Recipient, either in whole or in part, without the consent of the State Water Board in the form of a formal written amendment to this Agreement.

C.3.5 Audit.

(a) The Division may call for an audit of financial information relative to the Project if the Division determines that an audit is desirable to assure program integrity or if an audit becomes necessary because of state or federal requirements. If an audit is called for, the audit must be performed by a certified public accountant independent of the Recipient and at the cost of the Recipient. The audit must be in the form required by the Division.

(b) Audit disallowances must be returned to the State Water Board.

C.3.6 Bonding.

Where contractors are used, the Recipient must not authorize construction to begin until each contractor has furnished a performance bond in favor of the Recipient in the following amounts: faithful performance (100%) of contract value; labor and materials (100%) of contract value. This requirement shall not apply to any contract for less than \$25,000.00.

C.3.7 Competitive Bidding

Recipient must adhere to any applicable state law or local ordinance for competitive bidding and applicable labor laws.

C.3.8 Compliance with Applicable Laws, Rules, and Requirements.

The Recipient must, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules, guidelines, regulations, and requirements. Without limitation of the foregoing, to the extent applicable, the Recipient must:

(a) Comply with the provisions of the adopted environmental mitigation plan, if any, for the term of this Agreement;

(b) Comply with the Policy and Guidelines; and

(c) Comply with and require compliance with the state and federal requirements set forth elsewhere in this Agreement.

C.3.9 Computer Software.

The Recipient certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

C.3.10 Conflict of Interest.

The Recipient certifies that its owners, officers, directors, agents, representatives, and employees are in compliance with applicable state and federal conflict of interest laws.

C.3.11 Continuous Use of Project; No Lease, Sale, Transfer of Ownership, or Disposal of Project.

The Recipient agrees that, except as provided in this Agreement, it will not abandon, substantially discontinue use of, lease, sell, transfer ownership of, or dispose of all or a significant part or portion of the Project during the Useful Life of the Project without prior written approval of the Division. Such approval may be conditioned as determined to be appropriate by the Division, including a condition requiring

repayment of all disbursed Project Funds or all or any portion of all remaining funds covered by this Agreement together with accrued interest and any penalty assessments that may be due.

C.3.12 Data Management.

The Recipient will undertake appropriate data management activities so that Project data can be incorporated into statewide data systems.

C.3.13 Disputes.

(a) The Recipient may appeal a staff decision within 30 days to the Deputy Director of the Division or designee, for a final Division decision. The Recipient may appeal a final Division decision to the State Water Board within 30 days. The Office of the Chief Counsel of the State Water Board will prepare a summary of the dispute and make recommendations relative to its final resolution, which will be provided to the State Water Board's Executive Director and each State Water Board Member. Upon the motion of any State Water Board Member, the State Water Board will review and resolve the dispute in the manner determined by the State Water Board. Should the State Water Board determine not to review the final Division decision, this decision will represent a final agency action on the dispute.

(b) This clause does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the State Water Board, or any official or representative thereof, on any question of law.

(c) Recipient must continue with the responsibilities under this Agreement during any dispute.

(d) This section relating to disputes does not establish an exclusive procedure for resolving claims within the meaning of Government Code sections 930 and 930.4.

C.3.14 Reserved.

C.3.15 Environmental Clearance.

(a) Notwithstanding any other provision, the State Water Board has no binding obligation to provide funding under this Agreement except for activities excluded from, not subject to, or exempt under the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA). No work that is subject to CEQA or NEPA may proceed under this Agreement until the State Water Board has provided approval to proceed. Upon receipt and review of the Recipient's environmental documents, the State Water Board shall make the appropriate environmental findings before determining whether to approve construction or implementation funding for the Project under this Agreement. Providing approval for such construction or implementation funding is fully discretionary. The State Water Board may require changes in the scope of work or additional mitigation as a condition to providing construction or implementation funding under this Agreement. Recipient shall not perform any work subject to CEQA and/or NEPA before the State Water Board completes its environmental review and specifies any changes in scope or additional mitigation that may be required. Proceeding with work subject to CEQA and/or NEPA without approval by the State Water Board shall constitute a breach of a material provision of this Agreement.

(b) If this Project includes modification of a river or stream channel, the Recipient must fully mitigate environmental impacts resulting from the modification. The Recipient must provide documentation that the environmental impacts resulting from such modification will be fully mitigated considering all of the impacts of the modification and any mitigation, environmental enhancement, and environmental benefit resulting from the Project, and whether, on balance, any environmental enhancement or benefit equals or exceeds any negative environmental impacts of the Project.

C.3.16 Governing Law.

This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

C.3.17 Income Restrictions.

The Recipient agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Recipient under this Agreement must be paid by the Recipient to the State Water Board, to the extent that they are properly allocable to costs for which the Recipient has been reimbursed by the State Water Board under this Agreement.

C.3.18 Indemnification and State Reviews.

The parties agree that review or approval of Project plans and specifications by the State Water Board is for administrative purposes only, including conformity with application and eligibility criteria, and expressly not for the purposes of design defect review or construction feasibility, and does not relieve the Recipient of its responsibility to properly plan, design, construct, operate, and maintain the Project. To the extent permitted by law, the Recipient agrees to indemnify, defend, and hold harmless the State Water Board, the Bank, and any trustee, and their officers, employees, and agents for the Bonds, if any (collectively, "Indemnified Persons"), against any loss or liability arising out of any claim or action brought against any Indemnified Persons from and against any and all losses, claims, damages, liabilities, or expenses, of every conceivable kind, character, and nature whatsoever arising out of, resulting from, or in any way connected with (1) the System or the Project or the conditions, occupancy, use, possession, conduct, or management of, work done in or about, or the planning, design, acquisition, installation, or construction, of the System or the Project or any part thereof; (2) the carrying out of any of the transactions contemplated by this Agreement or any related document; (3) any violation of any applicable law, rule or regulation, any environmental law (including, without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the California Hazardous Substance Account Act, the Federal Water Pollution Control Act, the Clean Air Act, the Toxic Substances Control Act, the Occupational Safety and Health Act, the Safe Drinking Water Act, the California Hazardous Waste Control Law, and California Water Code Section 13304, and any successors to said laws), rule or regulation or the release of any toxic substance on or near the System or the Project; or (4) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements required to be stated therein, in light of the circumstances under which they were made, not misleading with respect to any information provided by the Recipient for use in any disclosure document utilized in connection with any of the transactions contemplated by this Agreement, except those arising from the gross negligence or willful misconduct of the Indemnified Persons. The Recipient must also provide for the defense and indemnification of the Indemnified Persons in any contractual provision extending indemnity to the Recipient in any contract let for the performance of any work under this Agreement, and must cause the Indemnified Persons to be included within the scope of any provision for the indemnification and defense of the Recipient in any contract or subcontract. To the fullest extent permitted by law, the Recipient agrees to pay and discharge any judgment or award entered or made against Indemnified Persons with respect to any such claim or action, and any settlement, compromise or other voluntary resolution. The provisions of this section survive the term of this Agreement.

C.3.19 Independent Actor.

The Recipient, and its agents and employees, if any, in the performance of this Agreement, shall act in an independent capacity and not as officers, employees, or agents of the State Water Board.

C.3.20 Integration.

This Agreement constitutes the complete and final agreement between the parties. No oral or written understanding or agreement not incorporated in this Agreement shall be binding on either party.

C.3.21 Leveraging Covenants.

(a) Notwithstanding any other provision hereof, the Recipient covenants and agrees that it will comply with the Tax Covenants set forth in Exhibit F of this Agreement.

(b) The Recipient covenants to furnish such financial, operating and other data pertaining to the Recipient as may be requested by the State Water Board to: (i) enable the State Water Board to cause the issuance of Bonds and provide for security therefor; or (ii) enable any underwriter of Bonds issued for the benefit of the State Water Board to comply with Rule 15c2-12(b)(5). The Recipient further covenants to provide the State Water Board with copies of all continuing disclosure documents or reports that are disclosed pursuant to (i) the Recipient's continuing disclosure undertaking or undertakings made in connection with any outstanding System Obligation, (ii) the terms of any outstanding System Obligation, or (iii) a voluntary disclosure of information related to an outstanding System Obligation. The Recipient must disclose such documents or reports to the State Water Board at the same time such documents or reports are submitted to any dissemination agent, trustee, nationally recognized municipal securities information repository, the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website or other person or entity.

C.3.22 No Discrimination.

(a) The Recipient must comply with Government Code section 11135 and the implementing regulations (Cal. Code Regs, tit. 2, § 11140 et seq.), including, but not limited to, ensuring that no person is unlawfully denied full and equal access to the benefits of, or unlawfully subjected to discrimination in the operation of, the Project or System on the basis of sex, race, color, religion, ancestry, national origin, ethnic group identification, age, mental disability, physical disability, medical condition, genetic information, marital status, or sexual orientation as such terms are defined under California law, for as long as the Recipient retains ownership or possession of the Project.

(b) If Project Funds are used to acquire or improve real property, the Recipient must include a covenant of nondiscrimination running with the land in the instrument effecting or recording the transfer of such real property.

(c) The Recipient must comply with the federal American with Disabilities Act of 1990 and implementing regulations as required by Government Code section 11135(b).

(d) The Recipient's obligations under this section shall survive the term of this Agreement.

(e) During the performance of this Agreement, Recipient and its contractors and subcontractors must not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, sexual orientation, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, denial of family care leave, or genetic information, gender, gender identity, gender expression, or military and veteran status.

(f) The Recipient, its contractors, and subcontractors must ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.

(g) The Recipient, its contractors, and subcontractors must comply with the provisions of the Fair Employment and Housing Act and the applicable regulations promulgated thereunder. (Gov. Code,

§12990, subds. (a)-(f) et seq.; Cal. Code Regs., tit. 2, § 7285 et seq.) Such regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full.

(h) The Recipient, its contractors, and subcontractors must comply with all applicable federal civil rights regulations, including statutory and national policy requirements. (2 CFR § 200.300). This includes, to the greatest extent practicable and to the extent permitted by law, the requirement to respect and protect the freedom of persons and organizations to engage in political and religious speech. (Executive Order 13798).

(i) The Recipient, its contractors, and subcontractors must give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

(j) The Recipient must include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

C.3.23 No Third Party Rights.

The parties to this Agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or of any duty, covenant, obligation, or undertaking established herein.

C.3.24 No Obligation of the State.

Any obligation of the State Water Board herein contained shall not be an obligation, debt, or liability of the State and any such obligation shall be payable solely out of the moneys encumbered pursuant to this Agreement.

C.3.25 Notice.

Upon the occurrence of any of the following events, the Recipient must provide notice as set forth below.

- (a) Within 24 hours of the following, the Recipient must notify the Division by phone at (916) 327-9978 and by email to marques.tamanaha@waterboards.ca.gov; uyen.trinh-le@waterboards.ca.gov and DrinkingWaterSRF@waterboards.ca.gov:
- i. The seizure of, or levy on, any Revenues securing this Agreement;
 - ii. Any discovery of any potential tribal cultural resource and/or archaeological or historical resource. Should a potential tribal cultural resource and/or archaeological or historical resource be discovered during construction or Project implementation, the Recipient must ensure that all work in the area of the find will cease until a qualified archaeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the Division has determined what actions should be taken to protect and preserve the resource. The Recipient must implement appropriate actions as directed by the Division.
- (b) Within five (5) business days, the Recipient must notify the Division by phone at (916) 327-9978; by email to Lance.Reese@waterboards.ca.gov; marques.tamanaha@waterboards.ca.gov; uyen.trinh-le@waterboards.ca.gov and DrinkingWaterSRF@waterboards.ca.gov; and by mail to the contact address set forth in Section 4 of this Agreement of the occurrence of any of the following events:
- i. Bankruptcy, insolvency, receivership or similar event of the Recipient or a Member Agency, or actions taken in anticipation of any of the foregoing;
 - ii. Change of ownership of the Project or the System or change of management or service contracts, if any, for operation of the System;

- iii. Loss, theft, damage, or impairment to Project, the Revenues or the System;
 - iv. Failure to meet any debt service coverage test in Exhibit B of this agreement;
 - v. Draws on the Reserve Fund;
 - vi. Listed Events and Events of Default, except as otherwise set forth in this section;
 - vii. Failure to observe or perform any covenant or comply with any condition in this Agreement.
 - viii. An offer from a public entity to purchase the Project or the System or any portion thereof, or any of the real or personal property related to or necessary for the Project;
 - ix. A proceeding or action by a public entity to acquire the Project or the System by power of eminent domain;
 - x. Incurrence of a System Obligation or other Material Obligation by the Recipient or a Member Agency; or
 - xi. A default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a System Obligation or other Material Obligation of the Recipient or a Member Agency, any of which reflect financial difficulties.
- (c) Within ten (10) business days, the Recipient must notify the Division by phone at (916) 327-9978, by email to marques.tamanaha@waterboards.ca.gov; uyen.trinh-le@waterboards.ca.gov and DrinkingWaterSRF@waterboards.ca.gov, and by mail to the contact address set forth in Section 4 of this Agreement of the following events:
- i. Material defaults on Material Obligations, other than this Obligation;
 - ii. Unscheduled draws on material debt service reserves or credit enhancements, reflecting financial difficulties;
 - iii. Substitution of credit or liquidity providers, if any or their failure to perform;
 - iv. Any litigation pending or threatened with respect to the Project or the Recipient's technical, managerial or financial capacity to operate the System or the Recipient's continued existence,
 - v. Circulation of a petition to repeal, reduce, or otherwise challenge the Revenues or a Member Agency's rates for water service,
 - vi. Consideration of dissolution, or disincorporation, or any other event that could materially impair the Revenues;
 - vii. Adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of any tax-exempt bonds;
 - viii. Rating changes on outstanding System Obligations, if any;
 - ix. Issuance of additional Parity Obligations;
 - x. Enforcement actions by or brought on behalf of the State Water Board or Regional Water Board; or
 - xi. Any investigation by the District Attorney, California State Auditor, Bureau of State Audits, United States Environmental Protection Agency's Office of Inspector General, the Internal Revenue Service, Securities and Exchange Commission, a grand jury, or any other state or federal agency, relating to the Recipient's financial management, accounting procedures, or internal fiscal controls;
- (d) The Recipient must notify the Division promptly by phone at (916) 327-9978, by email to marques.tamanaha@waterboards.ca.gov; uyen.trinh-le@waterboards.ca.gov and DrinkingWaterSRF@waterboards.ca.gov, and by mail to the contact address set forth in Section 4 of this Agreement of any of the following events:

- i. The discovery of a false statement of fact or representation made in this Agreement or in the application to the Division for this financial assistance, or in any certification, report, or request for disbursement made pursuant to this Agreement, by the Recipient, its employees, agents, or contractors;
- ii. Any substantial change in scope of the Project. The Recipient must undertake no substantial change in the scope of the Project until prompt written notice of the proposed change has been provided to the Division and the Division has given written approval for the change;
- iii. Cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of thirty (30) days or more;
- iv. Any circumstance, combination of circumstances, or condition, which is expected to or does delay Completion of Construction for a period of ninety (90) days or more;
- v. Discovery of any unexpected endangered or threatened species, as defined in the federal Endangered Species Act. Should a federally protected species be unexpectedly encountered during construction of the Project, the Recipient agrees to promptly notify the Division. This notification is in addition to the Recipient's obligations under the federal Endangered Species Act;
- vi. Any Project monitoring, demonstration, or other implementation activities required in Exhibit A or Exhibit D of this Agreement, if any;
- vii. Any public or media event publicizing the accomplishments and/or results of this Agreement and provide the opportunity for attendance and participation by state representatives with at least ten (10) working days' notice to the Division;
- viii. Any allegation of research misconduct involving research activities that are supported in whole or in part with EPA funds under this Project, as required by Exhibit C.4.3(xvii).
- ix. Any events requiring notice to the Division pursuant to the provisions of this Agreement;
- x. Completion of Construction of the Project, and actual Project Completion;
- xi. The award of the prime construction contract for the Project;
- xii. Initiation of construction of the Project.

C.3.26 Operation and Maintenance; Insurance.

The Recipient agrees to sufficiently and properly staff, operate and maintain all portions of the System during the Useful Life of the Project in accordance with all applicable state and federal laws, rules, and regulations.

The Recipient will procure and maintain or cause to be maintained insurance on the System with responsible insurers, or as part of a reasonable system of self-insurance, in such amounts and against such risks (including damage to or destruction of the System) as are usually covered in connection with systems similar to the System. Such insurance may be maintained by a self-insurance plan so long as such plan provides for (i) the establishment by the Recipient of a separate segregated self-insurance fund in an amount determined (initially and on at least an annual basis) by an independent insurance consultant experienced in the field of risk management employing accepted actuarial techniques and (ii) the establishment and maintenance of a claims processing and risk management program.

In the event of any damage to or destruction of the System caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the System. The Recipient must begin such reconstruction, repair or replacement as expeditiously as possible, and must pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same must be completed and the System must be free and clear of all claims and liens. If such net proceeds are insufficient to reconstruct, repair, or restore the System to the extent necessary to enable the Recipient to pay all

remaining unpaid principal portions of the Payments, if any, in accordance with the terms of this Agreement, the Recipient must provide additional funds to restore or replace the damaged portions of the System.

Recipient agrees that for any policy of insurance concerning or covering the construction of the Project, it will cause, and will require its contractors and subcontractors to cause, a certificate of insurance to be issued showing the State Water Board, its officers, agents, employees, and servants as additional insured; and must provide the Division with a copy of all such certificates prior to the commencement of construction of the Project.

C.3.27 Permits, Subcontracting, and Remedies.

Recipient must procure all permits, licenses and other authorizations necessary to accomplish the work contemplated in this Agreement, pay all charges and fees, and give all notices necessary and incidental to the due and lawful prosecution of the work. Signed copies of any such permits or licenses must be submitted to the Division before any construction begins.

The Recipient must not contract or allow subcontracting with excluded parties. The Recipient must not contract with any party who is debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which this funding is authorized. For any work related to this Agreement, the Recipient must not contract with any individual or organization on the State Water Board's List of Disqualified Businesses and Persons that is identified as debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which funding under this Agreement is authorized. The State Water Board's List of Disqualified Businesses and Persons is located at http://www.waterboards.ca.gov/water_issues/programs/enforcement/fwa/dbp.shtml

C.3.28 Professionals.

The Recipient agrees that only licensed professionals will be used to perform services under this Agreement where such services are called for. All technical reports required pursuant to this Agreement that involve planning, investigation, evaluation, design, or other work requiring interpretation and proper application of engineering, architectural, or geologic sciences, shall be prepared by or under the direction of persons registered to practice in California pursuant to Business and Professions Code, sections 5536.1, 6735, 7835, and 7835.1. To demonstrate compliance with California Code of Regulations, title 16, sections 415 and 3065, all technical reports must contain a statement of the qualifications of the responsible registered professional(s). As required by these laws, completed technical reports must bear the signature(s) and seal(s) of the registered professional(s) in a manner such that all work can be clearly attributed to the professional responsible for the work.

C.3.29 Prevailing Wages.

The Recipient agrees to be bound by all applicable provisions of State Labor Code regarding prevailing wages. The Recipient must monitor all agreements subject to reimbursement from this Agreement to ensure that the prevailing wage provisions of the State Labor Code are being met.

In addition, the Recipient agrees to comply with the Davis-Bacon provisions incorporated by reference in Section 3 of this Agreement.

C.3.30 Public Funding.

This Project is publicly funded. Any service provider or contractor with which the Recipient contracts must not have any role or relationship with the Recipient, that, in effect, substantially limits the Recipient's ability to exercise its rights, including cancellation rights, under the contract, based on all the facts and circumstances.

C.3.31 Recipient's Responsibility for Work.

The Recipient shall be responsible for all work and for persons or entities engaged in work performed pursuant to this Agreement, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Recipient shall be responsible for responding to any and all disputes arising out of its contracts for work on the Project. The State Water Board will not mediate disputes between the Recipient and any other entity concerning responsibility for performance of work.

C.3.32 Related Litigation.

Under no circumstances may the Recipient use funds from any disbursement under this Agreement to pay costs associated with any litigation the Recipient pursues against the State Water Board or any Regional Water Quality Control Board. Regardless of the outcome of any such litigation, and notwithstanding any conflicting language in this Agreement, the Recipient agrees to repay all of the disbursed funds plus interest in the event that Recipient does not complete the project.

C.3.33 Rights in Data.

The Recipient agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work produced in the performance of this Agreement are subject to the rights of the State as set forth in this section. The State shall have the right to reproduce, publish, and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Recipient may copyright the same, except that, as to any work which is copyrighted by the Recipient, the State reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so, and to receive electronic copies from the Recipient upon request.

C.3.34 State Water Board Action; Costs and Attorney Fees.

Any remedy provided in this Agreement is in addition to and not in derogation of any other legal or equitable remedy available to the State Water Board as a result of breach of this Agreement by the Recipient, whether such breach occurs before or after completion of the Project, and exercise of any remedy provided by this Agreement by the State Water Board shall not preclude the State Water Board from pursuing any legal remedy or right which would otherwise be available. In the event of litigation between the parties hereto arising from this Agreement, it is agreed that each party shall bear its own costs and attorney fees.

C.3.35 Timeliness.

Time is of the essence in this Agreement.

C.3.36 Unenforceable Provision.

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

C.3.37 Venue.

Any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California.

C.3.38 Waiver and Rights of the State Water Board.

Any waiver of rights by the State Water Board with respect to a default or other matter arising under this Agreement at any time shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies of the State Water Board provided for in this Agreement are in addition to any other rights and remedies provided by law.

C.4 MISCELLANEOUS STATE AND FEDERAL REQUIREMENTS

C.4.1 State Cross-Cutters.

Recipient represents that, as applicable, it complies and covenants to maintain compliance with the following for the term of the Agreement:

- i. The California Environmental Quality Act (CEQA), as set forth in Public Resources Code 21000 et seq. and in the CEQA Guidelines at Title 14, Division 6, Chapter 3, Section 15000 et seq.
- ii. Water Conservation requirements, including regulations in Division 3 of Title 23 of the California Code of Regulations.
- iii. Monthly Water Diversion Reporting requirements, including requirements set forth in Water Code section 5103.
- iv. Public Works Contractor Registration with Department of Industrial Relations requirements, including requirements set forth in Sections 1725.5 and 1771.1 of the Labor Code.
- v. Volumetric Pricing & Water Meters requirements, including the requirements of Water Code sections 526 and 527.
- vi. Urban Water Management Plan requirements, including the Urban Water Management Planning Act (Water Code, § 10610 et seq.).
- vii. Urban Water Demand Management requirements, including the requirements of Section 10608.56 of the Water Code.
- viii. Delta Plan Consistency Findings requirements, including the requirements of Water Code section 85225 and California Code of Regulations, title 23, section 5002.
- ix. Agricultural Water Management Plan Consistency requirements, including the requirements of Water Code section 10852.
- x. Charter City Project Labor Requirements, including the requirements of Labor Code section 1782 and Public Contract Code section 2503.

C.4.2 Federal Requirements and Cross-Cutters for SRF Funding.

The Recipient acknowledges, warrants compliance with, and covenants to continuing compliance with the following federal terms and conditions for the Useful Life of the Project:

- i. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient shall not purchase "iron and steel products" produced outside of the United States on this Project. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient hereby certifies that all "iron and steel products" used in the Project were or will be produced in the United States. For purposes of this section, the term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. "Steel" means an alloy that includes at least 50 percent iron, between .02 and 2 percent carbon, and may include other elements.
- ii. The Recipient must include in full the Wage Rate Requirements (Davis-Bacon) language incorporated by reference in Section 3 of this Agreement in all construction contracts and subcontracts.
- iii. The Recipient must comply with the signage requirements set forth in Exhibit A.
- iv. The Recipient shall notify the State Water Board and the USEPA contact of public or media events publicizing the accomplishment of significant events related to this Project and provide the opportunity for attendance and participation by federal representatives with at least ten (10) working days' notice.
- v. The Recipient shall comply with applicable EPA general terms and conditions found at <http://www.epa.gov/ogd>.
- vi. No Recipient may receive funding under this Agreement unless it has provided its DUNS number to the State Water Board.
- vii. The Recipient represents and warrants that it and its principals are not excluded or disqualified from participating in this transaction as such terms are defined in Parts 180 and 1532 of Title 2 of the Code of Federal Regulations (2 CFR). If the Recipient is excluded after execution of this Agreement, the Recipient shall notify the Division within ten (10) days and shall inform the Division of the Recipient's exclusion in any request for amendment of this Agreement. The Recipient shall comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR. Such compliance is a condition precedent to the State Water Board's performance of its obligations under this Agreement. When entering into a covered transaction as defined in Parts 180 and 1532 of 2 CFR, the Recipient shall require the other party to the covered transaction to comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR.
- viii. To the extent applicable, the Recipient shall disclose to the State Water Board any potential conflict of interest consistent with USEPA's Final Financial Assistance Conflict of Interest Policy at <https://www.epa.gov/grants/epas-final-financial-assistance-conflict-interest-policy>. A conflict of interest may result in disallowance of costs.

- ix. USEPA and the State Water Board have the right to reproduce, publish, use and authorize others to reproduce, publish and use copyrighted works or other data developed under this assistance agreement.
 - x. Where an invention is made with Project Funds, USEPA and the State Water Board retain the right to a worldwide, nonexclusive, nontransferable, irrevocable, paid-up license to practice the invention owned by the Recipient. The Recipient must utilize the Interagency Edison extramural invention reporting system at <http://iEdison.gov> and shall notify the Division when an invention report, patent report, or utilization report is filed.
 - xi. The Recipient agrees that any reports, documents, publications or other materials developed for public distribution supported by this Agreement shall contain the Disclosure statement set forth in Exhibit A.
 - xii. The Recipient acknowledges that it is encouraged to follow guidelines established under Section 508 of the Rehabilitation Act, codified at 36 CFR Part 1194, with respect to enabling individuals with disabilities to participate in its programs supported by this Project.
 - xiii. The Recipient, its employees, contractors and subcontractors and their employees warrants that it will not engage in severe forms of trafficking in persons, procure a commercial sex act during the term of this Agreement, or use forced labor in the performance of this Agreement. The Recipient must include this provision in its contracts and subcontracts under this Agreement. The Recipient must inform the State Water Board immediately of any information regarding a violation of the foregoing. The Recipient understands that failure to comply with this provision may subject the State Water Board to loss of federal funds. The Recipient agrees to compensate the State Water Board for any such funds lost due to its failure to comply with this condition, or the failure of its contractors or subcontractors to comply with this condition. The State Water Board may unilaterally terminate this Agreement if the Recipient that is a private entity is determined to have violated the foregoing.
 - xiv. The Recipient certifies to the best of its knowledge and belief that:
 - a. No federal appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with this Agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions, and notify the State Water Board.
- The Recipient shall require this certification from all parties to any contract or agreement that the Recipient enters into and under which the Recipient incurs costs for which it seeks disbursements under this Agreement.
- xv. The Recipient must comply with the following federal non-discrimination requirements:
 - a. Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP).
 - b. Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities.

- c. The Age Discrimination Act of 1975, which prohibits age discrimination.
 - d. Section 13 of the Federal Water Pollution Control Act Amendments of 1972, which prohibits discrimination on the basis of sex.
 - e. 40 CFR Part 7, as it relates to the foregoing.
- xvi. If the Project relates to construction of a publicly owned treatment works, where the Recipient contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services, the Recipient shall ensure that any such contract is negotiated in the same manner as a contract for architectural and engineering services is negotiated under chapter 11 of title 40, United States Code, or an equivalent State qualifications-based requirement as determined by the State Water Board.
- xvii. If the Project relates to construction of a publicly owned treatment works, the Recipient certifies that it has developed and is implementing a fiscal sustainability plan for the Project that includes an inventory of critical assets that are a part of the Project, an evaluation of the condition and performance of inventoried assets or asset groupings, a certification that the Recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan, and a plan for maintaining, repairing, and, as necessary, replacing the Project and a plan for funding such activities.
- xviii. Executive Order No. 11246. The Recipient shall include in its contracts and subcontracts related to the Project the following provisions:
- "During the performance of this contract, the contractor agrees as follows:"(a) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.*
- "(b) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.*
- "(c) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.*
- "(d) The contractor will comply with all provisions of Executive Order No. 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.*
- "(e) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting*

agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

"(f) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of Sept 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

"(g) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of Sept. 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, That in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States."

- xix. The Recipient agrees to comply with the requirements of USEPA's Program for Utilization of Small, Minority and Women's Business Enterprises.
- xx. Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans; 42 USC § 7606; 33 USC § 1368. Except where the purpose of this Agreement is to remedy the cause of the violation, the Recipient may not procure goods, services, or materials from suppliers excluded under the federal System for Award Management: <http://www.sam.gov/>.
- xxi. Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended; 42 USC §§4601-4655. The Recipient must comply with the Act's implementing regulations at 49 CFR 24.101 through 24.105.
- xxii. The Recipient agrees that if its network or information system is connected to USEPA networks to transfer data using systems other than the Environmental Information Exchange Network or USEPA's Central Data Exchange, it will ensure that any connections are secure.
- xxiii. All geospatial data created pursuant to this Agreement that is submitted to the State Water Board for use by USEPA or that is submitted directly to USEPA must be consistent with Federal Geographic Data Committee endorsed standards. Information on these standards may be found at www.fgdc.gov.
- xxiv. If the Recipient is a water system that serves 500 or fewer persons, the Recipient represents that it has considered publicly-owned wells as an alternative drinking water supply.
- xxv. The Recipient represents that it is not a corporation that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability; and it is not a corporation that was convicted of a felony criminal violation under a Federal law within the preceding 24 months.

xxvi. The Recipient agrees to immediately notify the State Water Board in writing about any allegation of research misconduct involving research activities that are supported in whole or in part with EPA funds under this Project, including fabrication, falsification, or plagiarism in proposing, performing, or reviewing research, or in reporting research results, or ordering, advising, or suggesting that subordinates engage in research misconduct.

xxvii. The Recipient agrees to comply with, and require all contractors and subcontractors to comply with, EPA's Scientific Integrity Policy, available at <https://www.epa.gov/osa/policy-epa-scientific-integrity>, when conducting, supervising, and communicating science and when using or applying the results of science. For purposes of this condition scientific activities include, but are not limited to, computer modelling, economic analysis, field sampling, laboratory experimentation, demonstrating new technology, statistical analysis, and writing a review article on a scientific issue.

The Recipient shall not suppress, alter, or otherwise impede the timely release of scientific findings or conclusions; intimidate or coerce scientists to alter scientific data, findings, or professional opinions or exert non-scientific influence on scientific advisory boards; knowingly misrepresent, exaggerate, or downplay areas of scientific uncertainty; or otherwise violate the EPA's Scientific Integrity Policy. The Recipient must refrain from acts of research misconduct, including publication or reporting, as described in EPA's Policy and Procedures for Addressing Research Misconduct, Section 9.C, and must ensure scientific findings are generated and disseminated in a timely and transparent manner, including scientific research performed by contractors and subcontractors.

xxviii. The Recipient agrees to comply with the Animal Welfare Act of 1966 (7 USC 2131-2156). Recipient also agrees to abide by the "U.S. Government Principles for the Utilization and Care of Vertebrate Animals used in Testing, Research, and Training," available at <http://grants.nih.gov/grants/olaw/references/phspol.htm#USGovPrinciples>.

EXHIBIT D – SPECIAL CONDITIONS

D.1 Environmental Conditions.

D.1.1 Incorporated Documents.

The documents identified below are incorporated by reference and the Recipient shall comply with the conditions and recommendations therein:

a. The Intra-Service letter dated September 9, 2020 from Deputy Field Supervisor Ryan Olah, Sacramento U.S. Fish and Wildlife Service (USFWS) Office to the Field Supervisor Patricia Cole Sacramento Fish and Wildlife Office, "Formal Consultation Biological Opinion on the issuance of a section 10(a)(1)(B) Incidental Take Permit on a Low-Effect Habitat Conservation Plan for the Stanislaus Regional Water Authority Surface Water Supply Project, Stanislaus County, California (U.S. Fish & Wildlife Service, Permit No.: TE82650D-0, Intra-Service Biological Opinion. September 9, 2019" special conditions, including, but not limited to, the following:

1. No less than 15 days prior to commencing construction, a qualified biologist must document the locations and condition of elderberry plants within 165 feet of construction areas, including photographing the base, stems, and canopy of those shrubs. Data collected must include presence of exit holes, types of habitat where the shrub is located, and associated native species.
2. The Recipient must fence and flag all areas to be avoided during construction activities, including the access road corridor and the 20 feet buffer from the dripline of the canopy of all established elderberry shrubs within 165 feet of the access road.
3. A qualified biologist must provide training for all contractors, work crews, and any on-site personnel on the status of the elderberry beetle, its host plant and habitat, the need to avoid damaging the elderberry shrubs, and the possible penalties for noncompliance.
4. A qualified biologist must conduct periodic site inspections for the duration of the project to examine elderberry shrub condition and monitor elderberry shrub growth for encroachment into the work area or growth of new shrubs large enough to support elderberry beetles.
5. The Recipient must erect signs every 50 feet along the avoidance area with the following information: "This area is habitat of the Valley elderberry longhorn beetle, a threatened species, and must not be disturbed. This species is protected by the Endangered Species Act of 1973, as amended. Violators are subject to prosecution, fines, and imprisonment."
6. The signs must be maintained for the duration of construction.
7. Trimming of elderberry shrubs shall occur between November and February.
8. Insecticides shall not be used within 100 feet of an elderberry shrub. All chemicals shall be applied using a backpack sprayer or similar direct application method.
9. Mechanical weed removal within the dripline of elderberry shrubs shall be limited to the season when Valley Elderberry Longhorn Beetle adults are not active (August-February) and shall avoid damaging the shrubs.
10. Erosion control shall be implemented, and the affected area shall be revegetated with appropriate native plants.

For each elderberry shrub where avoidance is not possible, the Recipient must purchase 2 compensatory mitigation credits for riparian shrubs and 1 credit for non-riparian shrubs. Shrubs that need to be completely removed and are appropriate for transplantation due to

size and health would be transplanted to an approved mitigation bank. Selected elderberry shrubs must be transplanted in accordance with the following guidelines (USFWS 2017):

11. A qualified biologist must be present on site for the duration of transplanting activities to ensure compliance with avoidance and minimization measures described above, and other conservation measures described within this Plan.
12. For each elderberry shrub where avoidance is not possible, the Recipient must purchase 2 compensatory mitigation credits for riparian shrubs and 1 credit for non-riparian shrubs.
13. Shrubs that need to be completely removed and are appropriate for transplantation due to size and health must be transplanted to an approved mitigation bank.
14. Mechanical weed removal within the dripline of elderberry shrubs shall be limited to the season when Valley Elderberry Longhorn Beetle adults are not active (August-February) and shall avoid damaging the shrubs.
15. The Recipient must implement erosion control and must revegetate the affected area with appropriate native plants.
16. Exit-hole surveys must be completed immediately before transplanting. The number of exit holes found, the GPS location of the plant to be relocated, and the GPS location of the site where the plant is transplanted must be reported to the USFWS and California Natural Diversity Database.
17. Elderberry shrubs must be transplanted when the shrubs are dormant (November through the first 2 weeks in February) and after they have lost their leaves.
18. Transplanting must follow the most current version of the Tree Care Industry Association's ANSI A300 (Part 6) guidelines for transplanting (available online at [www.TCIA.org/Business/ANSI A300 Standards](http://www.TCIA.org/Business/ANSI_A300_Standards)).
19. Monitoring reports for off-site mitigation must be prepared by the conservation/mitigation bank/Preserve operator(s) and submitted to the USFWS per the conservation/mitigation bank/Preserve's reporting requirements.

Other changed circumstances may occur over the permit duration, such as invasive species, flooding, fire, or vandalism. If one of these changed circumstances occurs, the Recipient must take the following mitigation measures.

20. If invasive species such as Himalayan blackberry could spread into areas where the remaining elderberry shrubs grow, reducing the vigor of the affected shrubs, the Recipient must implement revegetation in riparian habitat and sensitive natural communities disturbed during construction. The revegetation will protect elderberry shrubs from damage by invasive species.
21. Flooding could potentially occur in the Permit Area. In the case of extended periods of severe flooding in the Permit Area, the Recipient must protect the infiltration gallery area to the maximum extent possible to prevent damage to its equipment; where possible, protective measures will encompass elderberry shrubs as well. As occasional flooding is a type of disturbance that elderberry shrubs are adapted to and they would be anticipated to recover from flooding without intervention; therefore, no response is required for impacts to elderberry shrubs caused by flooding.
22. In the case of fire in the Permit Area, the Recipient must monitor the condition of elderberry shrubs in the Permit Area and must replace any elderberry shrubs that have been killed at a 2:1 ratio (2 elderberry shrubs planted for each elderberry shrub killed). These elderberry shrubs must be planted in the vicinity of the elderberry shrubs that were killed and must be planted in an area that will not be impacted by the Project.
23. Vandalism such as destruction of fences or illegal dumping could occur, which could lead to trespassing and potential adverse effects on elderberry shrubs. Fencing installed around the infiltration gallery area during construction will protect many of

the elderberry shrubs in the permit area from potential vandalism. The Recipient or its contractors must implement security measures to prevent trespassing and must repair any vandalism dumping that could impact elderberry shrubs.

b. The Mitigation Monitoring and Reporting Program adopted by the Recipient on April 18, 2019 for the Project. The Recipient shall implement all mitigation measures therein.

D.1.2 Other Environmental Conditions

(a) In the Recipient's progress reports submitted pursuant to this Agreement, the Recipient shall include a discussion of the status of its compliance with environmental measures identified in this Exhibit D, with separate sections clearly labeled and titled, discussing the status of Recipient's compliance.

(b) In the Recipient's Project Completion Report submitted pursuant to this Agreement, the Recipient shall include a discussion of its compliance with environmental measures identified in this Exhibit D, with separate sections clearly labeled and titled, discussing the status of Recipient's compliance.

D.2 Funds Related to Contamination.

(a) As a condition precedent to this Agreement and prior to any disbursement, the Recipient shall (i) notify the Division of any demands made by the Recipient against third parties for monetary damages, reimbursement of costs, or other relief, including litigation, related to drinking water contamination, including but not limited to contamination by 1,2,3-trichloropropane (1,2,3-TCP); and (ii) unless waived by the Division, notify and provide to the Division copies of any agreements with third parties (e.g., settlement agreements, consent agreements, etc.) or court or administrative orders arising out of litigation or disputes related to contamination of the drinking water associated with the Project.

(b) After execution of this Agreement, the Recipient shall notify the Division promptly of the new occurrence of any matters requiring notice under paragraph (a), above. Upon request, the Recipient shall promptly provide information and copies of documents as requested by the Division.

(c) The Recipient shall place all funds received after the date of this Agreement under any order or agreement described in paragraphs (a)(i) and (b), above, into a restricted account to be used either for a capital improvement project that addresses the contamination, or for operation and maintenance of treatment or remediation of the contamination. Alternatively, upon consent of the Division, the funds received after the date of this Agreement under any such order or agreement shall be used as match funding for the Project or held in a restricted reserve account to support the financial capacity of the System.

(d) The amount of this Agreement may be reduced, and/or disbursements withheld, to offset amounts received under any contamination-related order or agreement described in paragraphs (a)(i) or (b), above, to avoid double recovery. Noncompliance with paragraphs (a), (b), or (c) above shall be an Event of Default.

D.3 Technical Condition.

- Recipient shall demonstrate adequate property rights for the finished water transmission mains prior to disbursement of the associated funds.

D.4 Third Party Beneficiary.

The Recipient shall ensure that the State Water Board is an intended third-party beneficiary of the SRWA Funding Agreement. The Recipient shall not execute an amendment to the SRWA Funding Agreement that adversely affects its obligations under this Agreement without the prior written consent of the State Water Board.

EXHIBIT E – PAYMENT SCHEDULE

See the attached preliminary Payment Schedule dated May 25, 2021. The final Payment Schedule will be forwarded to the Recipient after all disbursements have been paid and construction of the Project has been completed.

EXHIBIT F – TAX CERTIFICATE

F.1 Purpose.

The purpose of this Exhibit F is to establish the reasonable expectations of the Recipient regarding the Project and the Project Funds, and is intended to be and may be relied upon for purposes of Sections 103, 141 and 148 of the Code and as a certification described in Section 1.148-2(b)(2) of the Treasury Regulations. This Exhibit F sets forth certain facts, estimates and circumstances which form the basis for the Recipient's expectation that neither the Project nor the Bond Funded Portion of the Project Funds is to be used in a manner that would cause the Obligation to be classified as "arbitrage bonds" under Section 148 of the Code or "private activity bonds" under Section 141 of the Code.

F.2 Tax Covenant.

The Recipient agrees that it will not take or authorize any action or permit any action within its reasonable control to be taken, or fail to take any action within its reasonable control, with respect to the Project which would result in the loss of the exclusion of interest on the Bonds from gross income for federal income tax purposes under Section 103 of the Code.

F.3 Governmental Unit.

The Recipient is a state or local governmental unit as defined in Section 1.103-1 of the Treasury Regulations or an instrumentality thereof (a "Governmental Unit") and is not the federal government or any agency or instrumentality thereof.

F.4 Financing of a Capital Project.

The Recipient will use the Project Funds to finance costs it has incurred or will incur for the construction, reconstruction, installation or acquisition of the Project. Such costs shall not have previously been financed with the proceeds of any other issue of tax-exempt obligations.

F.5 Ownership and Operation of Project.

The Recipient exclusively owns and, except as provided in Section F.12 hereof, operates the Project.

F.6 Temporary Period.

The Recipient reasonably expects that at least eighty-five percent (85%) of the Bond Funded Portion of the Project Funds will be allocated to expenditures for the Project within three (3) years of the earlier of the effective date of this Agreement or the date the Bonds are issued ("Applicable Date"). The Recipient has incurred, or reasonably expects that it will incur within six (6) months of the Applicable Date, a substantial binding obligation (i.e., not subject to contingencies within the control of the Recipient or a related party) to a third party to expend at least five percent (5%) of the Bond Funded Portion of the Project Funds on Project Costs. The completion of acquisition, construction, improvement and equipping of the Project and the allocation of the Bond Funded Portion of the Project Funds to Project Costs will proceed with due diligence.

F.7 Working Capital.

No operational expenditures of the Recipient or any related entity are being, have been or will be financed or refinanced with Project Funds.

F.8 Expenditure of Proceeds.

The Bond Funded Portion of the Project Funds shall be used exclusively for the following purposes: (i) Reimbursement Expenditures (as defined in Section F.20 below), (ii) Preliminary Expenditures (as defined in Section F.20 below) in an aggregate amount not exceeding twenty percent (20%) of the Bond Funded Portion of the Project Funds, (iii) capital expenditures relating to the Project originally paid by the Recipient on or after the date hereof, (iv) interest on the Obligation through the later of three (3) years after the Applicable Date or one (1) year after the Project is placed in service, and (v) initial operating expenses directly associated with the Project in the aggregate amount not more than five percent (5%) of the Bond Funded Portion of the Project Funds.

F.9 Private Use and Private Payments.

No portion of the Project Funds or the Project is being, has been or will be used in the aggregate for any activities that constitute a Private Use (as defined below). No portion of the principal or interest with respect to the Payments will be secured by any interest in property (whether or not the Project) used for a Private Use or in payments in respect of property used for a Private Use, or will be derived from payments in respect of property used for a Private Use. "Private Use" means any activity that constitutes a trade or business that is carried on by persons or entities, other than a Governmental Unit. The leasing of the Project or the access by or the use of the Project by a person or entity other than a Governmental Unit on a basis other than as a member of the general public shall constitute a Private Use. Use by or on behalf of the State of California or any of its agencies, instrumentalities or subdivisions or by any local Governmental Unit and use as a member of the general public will be disregarded in determining whether a Private Use exists. Use under an arrangement that conveys priority rights or other preferential benefits is generally not use on the same basis as the general public. Arrangements providing for use that is available to the general public at no charge or on the basis of rates that are generally applicable and uniformly applied do not convey priority rights or other preferential benefits. For this purpose, rates may be treated as generally applicable and uniformly applied even if (i) different rates apply to different classes of users, such as volume purchasers, if the differences in rates are customary and reasonable; or (ii) a specially negotiated rate arrangement is entered into, but only if the user is prohibited by federal law from paying the generally applicable rates, and the rates established are as comparable as reasonably possible to the generally applicable rates. An arrangement that does not otherwise convey priority rights or other preferential benefits is not treated, nevertheless, as general public use if the term of the use under the arrangement, including all renewal options, is greater than 200 days. For this purpose, a right of first refusal to renew use under the arrangement is not treated as a renewal option if (i) the compensation for the use under the arrangement is redetermined at generally applicable, fair market value rates that are in effect at the time of renewal; and (ii) the use of the financed property under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business.

F.10 No Sale, Lease or Private Operation of the Project.

The Project (or any portion thereof) will not be sold or otherwise disposed of, in whole or in part, to any person who is not a Governmental Unit prior to the final maturity date of the Obligation. The Project will not be leased to any person or entity that is not a Governmental Unit prior to the final maturity date of the Obligation. Except as permitted under Section F.12 hereof, the Recipient will not enter any contract or arrangement or cause or permit any contract or arrangement to be entered with persons or entities that are not Governmental Units if that contract or arrangement would confer on such persons or entities any right to use the Project on a basis different from the right of members of the general public. The contracts or arrangements contemplated by the preceding sentence include but are not limited to management contracts, take or pay contracts or put or pay contracts, and capacity guarantee contracts.

F.11 No Disproportionate or Unrelated Use.

No portion of the Project Funds or the Project is being, has been, or will be used for a Private Use that is unrelated or disproportionate to the governmental use of the Project Funds.

F.12 Management and Service Contracts.

The Recipient represents that, as of the date hereof, it is not a party to any contract, agreement or other arrangement with any persons or entities engaged in a trade or business (other than Governmental Units) that involve the management or operation of property or the provision of services at or with respect to the Project that does not comply with the standards of the Treasury Regulations, Revenue Procedure 97-13, as modified by Revenue Procedure 2001-39 and IRS Notice 2014-67, or Revenue Procedure 2017-13, as applicable. The Recipient represents that it will not be party to any such contract, agreement or arrangement with any person or entity that is not a Governmental Unit for the management of property or the provision of services at or with respect to the Project, while the Obligation (including any obligation or series thereof issued to refund the Obligation, as the case may be) is outstanding, except: (a) with respect to any contract, agreement or arrangement that does not constitute "private business use" of the Project under Code §141(b), or (b) with respect to any contract, agreement or arrangement that complies with (i) Revenue Procedure 97-13, 1997-1 C.B. 632, as amended by Revenue Procedure 2001-39, 2001-2 C.B. 38, and as amplified by Notice 2014-67, with respect to contracts entered into before August 18, 2017 and not materially modified or extended after August 18, 2017, or (ii) Revenue Procedure 2017-13, with respect to contracts entered into or materially modified or extended on or after August 18, 2017, or (c) with respect to any contract, agreement or arrangement that does not give rise to use of the Bond Funded Portion of the Project Funds or the Project by a non-Governmental Unit of more than the amount of such non-qualified use permitted by the Code, or (d) in the event that the Recipient receives an opinion of counsel, satisfactory to the State Water Board and the Bank and expert in the issuance of state and local government bonds the interest on which is excluded from gross income under Section 103 of the Code ("Nationally-Recognized Bond Counsel"), that such contract, agreement or arrangement will not adversely affect the exclusion of the interest on the Obligation from gross income for federal income taxation purposes.

F.13 No Disposition of Financed Property.

As of the date hereof, the Recipient does not expect to sell or otherwise dispose of any portion of the Project, in whole or in part, prior to the final maturity date of the Obligation.

F.14 Useful Life of Project.

As of the date hereof, the Recipient reasonably expects that the economic useful life of the Project, commencing at Project Completion, will be at least equal to the term of this Agreement, as set forth in Exhibit A hereto.

F.15 Payments.

Payments generally are expected to be derived from assessments, taxes, fees, charges or other current Revenues of the Recipient in each year, and such current Revenues are expected to equal or exceed the Payments during each payment period. Any amounts accumulated in a sinking fund or bona fide debt service fund to pay Payments (whether or not deposited to a fund or account established by the Recipient) will be disbursed to pay Payments within thirteen months of the initial date of accumulation or deposit. Any such fund used for the payment of Payments will be depleted once a year except for a reasonable carryover amount not exceeding the greater of earnings on such fund or one-twelfth of the Payments in either case for the immediately preceding year.

F.16 No Other Replacement Proceeds.

The Recipient will not use any of the Bond Funded Portion of the Project Funds to replace or substitute other funds of the Recipient that were otherwise to be used to finance the Project or which are or will be used to acquire securities, obligations or other investment property reasonably expected to produce a yield that is materially higher than the yield on the Bonds.

F.17 No Sinking or Pledged Fund.

Except as set forth in Section F.18 below, the Recipient will not create or establish any sinking fund or pledged fund which will be used to pay Payments on the Obligation within the meaning of Section 1.148-1(c) of the

Treasury Regulations. If any sinking fund or pledged fund comes into being with respect to the Obligation before the Obligation has been fully retired which may be used to pay the Payments, the Recipient will invest such sinking fund and pledged fund moneys at a yield that does not exceed the yield on the Bonds.

F.18 Reserve Amount.

The State Water Board requires that the Recipient maintain and fund a separate account in an amount equal to one (1) year of debt service with respect to the Obligation (the "Reserve Amount") as set forth in Exhibit B. The Recipient represents that the Reserve Amount is and will be available to pay debt service with respect to the Obligation, if and when needed. The Reserve Amount consists solely of revenues of the Recipient and does not include any proceeds of any obligations the interest on which is excluded from gross income for federal income tax purposes or investment earnings thereon. The aggregate of the Reserve Amount, up to an amount not exceeding the lesser of (i) ten percent of the aggregate principal amount of the Obligation, (ii) the maximum annual debt service with respect to the Obligation, or (iii) 125 percent of the average annual debt service with respect to the Obligation, will be treated as a reasonably required reserve fund.

F.19 Reimbursement Resolution.

The "reimbursement resolution" adopted by the Recipient is incorporated herein by reference.

F.20 Reimbursement Expenditures.

Reimbursements are disallowed, except as specifically authorized in Exhibit B or Exhibit D of this Agreement. To the extent so authorized, a portion of the Bond Funded Portion of the Project Funds may be applied to reimburse the Recipient for Project Costs paid before the date hereof, so long as the Project Cost was (i) not paid prior to sixty (60) days before the Recipient's adoption of a declaration of official intent to finance the Project, (ii) not paid more than eighteen (18) months prior to the date hereof or the date the Project was placed-in-service, whichever is later, and (iii) not paid more than three (3) years prior to the date hereof (collectively, "Reimbursement Expenditures"), unless such cost is attributable to a "preliminary expenditure." Preliminary expenditure for this purpose means architectural, engineering, surveying, soil testing and similar costs incurred prior to the commencement of construction or rehabilitation of the Project, but does not include land acquisition, site preparation and similar costs incident to the commencement of acquisition, construction or rehabilitation of the Project. Preliminary expenditures may not exceed 20% of the Bond Funded Portion of the Project Funds.

F.21 Change in Use of the Project.

The Recipient reasonably expects to use all of the Bond Funded Portion of the Project Funds and the Project for the entire stated term to maturity of the Obligation. Absent an opinion of Nationally-Recognized Bond Counsel to the effect that such use of the Bond Funded Portion of the Project Funds will not adversely affect the exclusion from federal gross income of interest on the Bonds pursuant to Section 103 of the Code, the Recipient will use the Bond Funded Portion of the Project Funds and the Project solely as set forth in this Agreement.

F.22 Rebate Obligations.

If the Recipient satisfies the requirements of one of the spending exceptions to rebate specified in Section 1.148-7 of the Treasury Regulations, amounts earned from investments, if any, acquired with the Bond Funded Portion of the Project Funds will not be subject to the rebate requirements imposed under Section 148(f) of the Code. If the Recipient fails to satisfy such requirements for any period, it will notify the State Water Board and the Bank immediately and will comply with the provisions of the Code and the Treasury Regulations at such time, including the payment of any rebate amount calculated by the State Water Board or the Bank.

F.23 No Federal Guarantee.

The Recipient will not directly or indirectly use any of the Bond Funded Portion of the Project Funds in any manner that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code, taking into account various exceptions including any guarantee related to investments during an initial

temporary period until needed for the governmental purpose of the Bonds, investments as part of a bona fide debt service fund, investments of a reasonably required reserve or replacement fund, investments in bonds issued by the United States Treasury, investments in refunding escrow funds or certain other investments permitted under the Treasury Regulations.

F.24 No Notices or Inquiries from IRS.

Within the last 10 years, the Recipient has not received any notice of a final action of the Internal Revenue Service that determines that interest paid or payable on any debt obligation of the Recipient is or was includable in the gross income of an owner or beneficial owner thereof for federal income tax purposes under the Code.

F.25 Amendments.

The provisions in this Exhibit may be amended, modified or supplemented at any time to reflect changes in the Code upon obtaining written approval of the State Water Board and the Bank and an opinion of Nationally-Recognized Bond Counsel to the effect that such amendment, modification or supplement will not adversely affect the exclusion from federal gross income of interest on the Bonds pursuant to Section 103 of the Code.

F.26 Reasonable Expectations.

The Recipient warrants that, to the best of its knowledge, information and belief, and based on the facts and estimates as set forth in the tax covenants in this Exhibit, the expectations of the Recipient as set forth in this Exhibit are reasonable. The Recipient is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in the provisions in this Exhibit.

F.27 Assignment.

The Recipient consents to any pledge, sale, or assignment to the Bank or a trustee for the benefit of the owners of the Bonds, if any, at any time of any portion of the State Water Board's estate, right, title, and interest and claim in, to and under this Agreement and the right to make all related waivers and agreements in the name and on behalf of the State Water Board, as agent and attorney-in-fact, and to perform all other related acts which are necessary and appropriate under this Agreement, if any, and the State Water Board's estate, right, title, and interest and claim in, to and under this Agreement to Payments (but excluding the State Water Board's rights to Additional Payments and to notices, opinions and indemnification under each Obligation



**BEFORE THE GOVERNING BOARD OF THE STANISLAUS REGIONAL
WATER AUTHORITY**

IN THE MATTER OF APPROVING	}	
AND AUTHORIZING GENERAL MANAGER	}	RESOLUTION NO. 2021-___
TO SIGN CONSTRUCTION INSTALLMENT	}	
SALE AGREEMENT WITH STATE WATER	}	
RESOURCES CONTROL BOARD FOR	}	
FUNDING REGIONAL SURFACE WATER	}	
SUPPLY PROJECT UNDER DRINKING	}	
WATER STATE REVOLVING FUND AND	}	
AUTHORIZING RELATED ACTIONS	}	

BE IT RESOLVED by the Governing Board of the Stanislaus Regional Water Authority (“Board”) as follows:

1. Recitals. This resolution is adopted with reference to the following background recitals:

a. The Stanislaus Regional Water Authority (“Authority”) has applied to the State Water Resources Control Board (“State Board”) for funding under the Drinking Water State Revolving Fund to fund the design and construction of the Regional Surface Water Supply Project (“Project”). The Board authorized a Project funding agreement pursuant to its Resolution No. 2019-006 (adopted June 20, 2019).

b. The State Board and Authority propose to enter into the Stanislaus Regional Water Authority and California State Water Resources Control Board Construction Installment Sale Agreement for Regional Surface Water Supply Project (Project No. 5010043-001C; Agreement No. SWRCB0000000000D2002047) (the “Funding Agreement”) in a funding amount of \$212,674,000 (\$27,750,000 grant component; \$184,924,000 loan component).

c. The General Manager recommends that the Board approve the Funding Agreement in the form as presented at this meeting.

2. Approval of Agreement. The Board approves the Funding Agreement in the form as presented at this meeting and authorizes and directs the Authority General Manager to finalize, approve, and sign the Funding Agreement on behalf of the Authority.

3. Related Documents. The Board authorizes the Authority General Manager and Secretary to approve and sign such other agreements, documents, assurances, and certificates as may be necessary or appropriate to effectuate and implement the funding and other actions under the Funding Agreement, so long as such action is consistent with the Funding Agreement.

4. Agreement Performance. The Board authorizes the delivery and performance of the Funding Agreement and authorizes the General Manager or designee to represent and act for the Authority in carrying out the Authority's responsibilities under the Funding Agreement. The Board designates the General Manager as the Authorized Representative within the meaning of the Funding Agreement. The General Manager or designee is authorized to take such actions as are necessary or appropriate to perform, implement, and comply with the Funding Agreement, including requesting disbursement of eligible Project costs, certifying disbursement requests, making installment payments, preparing and filing reports, establishing and maintaining a reserve fund, and collecting payments from the Cities of Ceres and Turlock sufficient to generate net revenue as needed to support installment payments to the state.

PASSED AND ADOPTED at a regular meeting of the Governing Board of the Stanislaus Regional Water Authority on August 19, 2021, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

Angelica Gonsalves
Board Secretary



From: Technical Advisory Committee

Prepared by: Robert Granberg, General Manager

1. ACTION RECOMMENDED:

Motion: Directing the General Manager to Prepare a Staffing Plan and Wage and Benefit Package for Water Treatment Plant Operations

2. DISCUSSION OF ISSUE:

Since adoption of the Stanislaus Regional Water Authority Joint Powers Authority (JPA) in 2011, SRWA continues to advance its mission to plan and execute the Regional Surface Water Supply Project (Project) with JPA member staff and contracted professionals. The Project is currently in the construction phase and is scheduled to be complete and ready for operation in early summer 2023. Consistent with the JPA’s objective to “develop a support staff”, the transition from project construction to operations will require a staffing plan that includes water treatment and distribution certified operators and skilled maintenance staff. In addition, management positions will be needed to conduct SRWA business through Board direction.

Water treatment plant and distribution system staffing must be comprised of individuals that possess State Division of Drinking Water (DDW) mandated, water treatment and water distribution certifications. Additionally, maintenance staff will provide mechanical, electrical, instrumentation, and programming in support of plant operations. Based on water treatment plants of similar size and complexity to the SRWA water treatment plant, it is recommended the staffing consist of the following positions (to be employed by SRWA) and required minimum DDW certifications:

Position Title	Number of Positions	Certification ¹
Plant Manager/Chief Plant Operator	1	T-5, D-3
Senior Plant Operator	5	T-3, D-2
Plant Operator	2	T-2, D-2
Operator Apprentice	2	T-1, D-1
Maintenance Supervisor	1	D-2
Senior Maintenance Worker	1	D-2
Maintenance Worker	1	D-1
Electrical/Instrument Technician	1	n/a
TOTAL	14	

¹ “T-” refers to DDW water treatment operator certification and “D-” refers to water distribution system operator certification.

SRWA will need to support water treatment and distribution functions in areas that include administration, legal, human resources (HR), accounting, purchasing and other related functions. It is recommended that a general manager and secretary be a part of the staffing plan with options for additional support functions (i.e. legal, HR, accounting, etc.) to be provided by one of the member agencies and/or contracted to SRWA.

An important element of a staffing plan is the salary/wage and benefit package to place SRWA in a competitive position to attract the talent necessary to achieve the goal of consistent, cost-effective water treatment operations meeting all regulatory requirements and maximizing delivery of treated surface water to the member cities. To accomplish that mission, a staffing plan will include requisite job descriptions and salary/wage and benefit packages to attract and retain talented staff. There are numerous water treatment plants in the surrounding region to benchmark a competitive salary and benefits package. Early research on benefit packages found that the Special District Risk Management Authority (SDRMA) is a provider of benefits packages for public agencies and a likely source for SRWA. In addition, a retirement package could be obtained through the Stanislaus County Employees' Retirement Association (StanCERA), a public employees retirement system operating under the County Employees Retirement Law for the County of Stanislaus and other local public agencies.

Attached is a proposed hiring schedule that is based on a strategic approach to filling positions at the appropriate time to learn the plant and to develop the necessary Standard Operating Procedures (SOP's), regulatory reporting plan, lab procedures, equipment and tool inventory, vehicle procurement, emergency response protocols, and other functions necessary prior to delivery of water to the cities. The first recommended position to fill is the plant operations supervisor who will be instrumental in hiring plant operators and maintenance personnel. Positions will be recommended in order of need and timing to achieve the goal of a cost-effective and efficient transition from plant construction and commissioning to full SRWA operations.

The Technical Advisory Committee (TAC) and Executive Technical Advisory Committee (ExTAC) recommend that the General Manager advance a staffing plan that will establish the SRWA as an employer of plant operations, maintenance, and administrative positions. The staffing plan will be developed over the next few months with the goal to have a plan for the Board's approval by the end of this calendar year. The staffing plan will consist of the following elements: 1) position titles, 2) job descriptions and salary/wage structure, 3) health and other benefits package, and 4) a retirement program.

3. FISCAL IMPACT / BUDGET AMENDMENT:

There is no immediate fiscal impact as the cost for developing a staffing and benefits package is included in existing contracts. Staff positions will be funded at the appropriate level and timing through the fiscal year budget process or by a mid-year budget amendment.

4. GENERAL MANAGER'S COMMENTS:

Recommends approval.

5. ENVIRONMENTAL DETERMINATION:

N/A

6. ALTERNATIVES:

There are no alternatives to staffing plant operations with persons that are not State-certified; however, alternatives for staffing positions through a member agency or a private operations contract were evaluated.

An alternative for staffing through the City of Turlock was evaluated due to its similar wastewater utility size and structure. Consistent with the JPA goal to "develop a support staff", it was decided that for equal balance of decision-making control over plant operations, it is in the best interest to move forward with SRWA employees, thereby eliminating this alternative from further consideration.

An alternative of contracted plant operations was evaluated but legal impediments to that alternative eliminated its further consideration. Funding through a State Revolving Fund (SRF) loan fund prohibits a private operation services contract of assets funded by a SRF loan.

Attached is a cost comparison of three considered alternatives: 1) SRWA operations with a full-time general manager, 2) SRWA operations with a plant manager, and 3) City of Turlock staffing. The full-time general manager option is being recommended at a slightly higher cost due to the full range of SRWA management responsibilities such as Board agenda preparation, operations management, contract management, Phase II and III planning and engineering, advocacy, and public relations. Plant managers that possess a T-5 water treatment certification may not have the requisite skill set and time to lead SRWA business functions in addition to operations duties that may be more suited for general manager candidates.

The TAC's recommendation, and supported by the ExTAC, is that the General Manager proceed with a staffing plan consistent with the JPA and Bylaws to develop support and operations staff to maintain Board control over employee management decisions and other related matters.

SRWA Operations Options Cost Comparison

3/29/2021

	SRWA Staffing w/Full Time GM	SRWA Staffing w/Plant Manager	City of Turlock Staffing
Labor	\$3,641,541	\$3,324,965	\$3,659,339
Power	same for all options	same for all options	same for all options
Chemicals	same for all options	same for all options	same for all options
Other ¹	\$608,992	\$608,992	\$608,992
Total	\$4,250,533	\$3,933,957	\$4,268,331

¹Other costs includes materials, outside contracts, and expenses not limited to: contract hauling and tip fees, cathodic protection surveys, specialized maintenance services for standby generator and HVAC, pest control, fuel oil for testing generators, general preventive and corrective maintenance for process equipment and building, ballasting material replenishment for clarifier, specialized maintenance for ozone generators, tools and supplies replenishment, employee morale costs, landscaping, janitorial costs, bathroom supplies, first aid supplies, uniforms, contract laboratory services, computers, CMMS annual support, PLC, HMI, and SCADA software renewal, office supplies, postage, copier, safety training, PPE, trash removal, vehicles, electric cart for sampling rounds, forklift for chemicals, vehicle maintenance and fuel, operator training certifications, and continuing education, physicals, and travel expenses for staff. (Assumed across all alternatives).

General Manager Alternative

Position	Number of Positions	Monthly Salary (Step 5)	Monthly Salary Total	Monthly Benefits	Annual Salary & Benefits
Administration, Operations and Maintenance					
General Manager	1	\$17,057.73	\$17,057.73	\$34,115.46	\$409,385.52
Water Treatment Ops Supervisor	1	\$11,209.47	\$11,209.47	\$22,418.94	\$269,027.28
Secretary	1	\$6,045.87	\$6,045.87	\$12,091.74	\$145,100.88
Senior Operator	5	\$8,335.60	\$41,678.00	\$83,356.00	\$1,000,272.00
Operator	2	\$7,552.13	\$15,104.26	\$30,208.52	\$362,502.24
Apprentice Operator	2	\$6,841.47	\$13,682.94	\$27,365.88	\$328,390.56
Maintenance Supervisor	1	\$11,209.47	\$11,209.47	\$22,418.94	\$269,027.28
Instrumentation Tech	1	\$9,666.80	\$9,666.80	\$19,333.60	\$232,003.20
Water Treatment Maintenance Worker II	1	\$8,543.60	\$8,543.60	\$17,087.20	\$205,046.40
Water Treatment Maintenance Worker I	1	\$7,741.07	\$7,741.07	\$15,482.14	\$185,785.68
Subtotal Plant Staff Only		\$77,145.48			\$2,997,155.52
Support Services (Contracted)					
Human Resources					\$75,000.00
Accounting					\$50,000.00
Legal					\$110,000.00
Total FTE's	16		\$141,939.21	\$283,878.42	\$3,641,541.04

Notes

Plant Manager Alternative

Position	Number of Positions	Monthly Salary (Step 5)	Monthly Salary Total	Monthly Benefits	Annual Salary & Benefits
Administration, Operations and Maintenance					
Water Treatment Manager	1	\$15,076.53	\$15,076.53	\$30,153.06	\$361,836.72
Secretary	1	\$6,045.87	\$6,045.87	\$12,091.74	\$145,100.88
Senior Operator	5	\$8,335.60	\$41,678.00	\$83,356.00	\$1,000,272.00
Operator	2	\$7,552.13	\$15,104.26	\$30,208.52	\$362,502.24
Apprentice Operator	2	\$6,841.47	\$13,682.94	\$27,365.88	\$328,390.56
Maintenance Supervisor	1	\$11,209.47	\$11,209.47	\$22,418.94	\$269,027.28
Instrumentation Tech	1	\$9,666.80	\$9,666.80	\$19,333.60	\$232,003.20
Water Treatment Maintenance Worker II	1	\$8,543.60	\$8,543.60	\$17,087.20	\$205,046.40
Water Treatment Maintenance Worker I	1	\$7,741.07	\$7,741.07	\$15,482.14	\$185,785.68
Subtotal Plant Staff Only		\$81,012.54			\$3,089,964.96
Support Services (Contracted)					
Human Resources					\$75,000.00
Accounting					\$50,000.00
Legal					\$110,000.00
Total FTE's	15		\$128,748.54	\$257,497.08	\$3,324,964.96

Notes

SRWA - City of Turlock Staffing

Position	Number of Positions	Monthly Salary (Step 5)	Monthly Salary Total	Monthly Benefits	Annual Salary & Benefits
Operations and Maintenance					
General Manager (SRWA Contracted)	1			143.66%	\$200,000.00
Municipal Services Director	0.25	\$13,547.00	\$3,386.75	\$8,252.16	\$99,025.95
Water Treatment Division Manager	1	\$10,614.00	\$10,614.00	\$25,862.09	\$310,345.14
Water Plant Operations Senior	5	\$6,210.00	\$31,050.00	\$75,656.50	\$907,877.94
Water Plant Operator II	2	\$5,633.00	\$11,266.00	\$27,450.76	\$329,409.11
Water Plant Operator I	2	\$5,109.00	\$10,218.00	\$24,897.20	\$298,766.40
Electrical/Mechanical Maintenance Supervisor	1	\$8,772.00	\$8,772.00	\$21,373.87	\$256,486.48
Electrical/Mechanical Technician, Senior	2	\$7,217.00	\$14,434.00	\$35,169.91	\$422,038.98
Electrical/Mechanical Technician I	1	\$5,937.00	\$5,937.00	\$14,466.11	\$173,593.28
Subtotal Plant Staff Only					\$2,797,543.29
Support Services					
City Manager	0.1	\$19,823.00	\$1,982.30	\$3,633.75	\$43,605.05
Administrative Analyst	1	\$8,316.00	\$8,316.00	\$20,262.78	\$243,153.40
Human Resources Manager	0.25	\$11,145.00	\$2,786.25	\$5,567.21	\$66,806.47
Senior Accountant	0.25	\$11,145.00	\$2,786.25	\$5,741.35	\$68,896.16
City Attorney	0.15	\$19,540.00	\$2,931.00	\$5,164.42	\$61,973.06
Legal (Contracted)					\$110,000.00
Purchasing Coordinator	0.25	\$6,118.00	\$1,529.50	\$3,151.69	\$37,820.25
Fleet Maintenance Supervisor	0.15	\$7,047.00	\$1,057.05	\$2,461.76	\$29,541.12
Total FTE's	16.40	\$146,173.00		\$279,119.05	\$3,659,338.80