NORTH SAN MATEO COUNTY SANITATION DISTRICT

a subsidiary of the City of Daly City

333 – 90TH STREET, DALY CITY, CALIFORNIA 94015-1895

(650) 991-8127

Regular Meeting - SANITATION DISTRICT

AGENDA

Monday, February 26, 2024 - 6:45 PM

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There are three ways to submit public comments: (1) submit written comments by meeting day, (2) submit written comments during the meeting, and (3) attend the meeting in person.

1. To submit written comments by meeting day, please email dwwr@dalycity.org and include "Public Comment" in the subject line. All written comments received by 4:00 pm on meeting day will be provided to the Board members prior to the meeting.

   Please note: Any emailed comments received after 4:00 p.m. on the meeting date are not guaranteed to be received by the Board members prior to the meeting. Comments are not read aloud into the record.

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3. To speak at the meeting in person, please complete a Speaker Card located at the entrance to the Council Chamber and submit it to a Staff Member as early in the meeting as possible.

Persons with disabilities who require auxiliary aids or services in attending or participating in this meeting should call the office of the Board Clerk at (650) 991-8200 as soon as possible.

AVAILABILITY OF PUBLIC RECORDS:

All public record to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the City Clerk's Office, City Hall located at 333 90th Street, Daly City, CA during normal business hours, at the same time that the public records are distributed or made available to the legislative body.

CALL TO ORDER:

ROLL CALL:

APPROVAL OF AGENDA:

REORGANIZATION OF BOARD OF DIRECTORS

1.
   A. Election of Chair
   B. Election of Vice Chair

CONSENT AGENDA

All items listed on the Consent Agenda are considered to be routine and may be approved by one roll call vote of the Board of Directors. There shall be no separate discussion of the matters on the Consent Agenda unless requested by a member of the Board. If discussion is required, that item will be removed from the Consent Agenda and will be considered separately at the end of the Agenda.

Minutes:

2. Minutes of Regular Meeting November 27, 2023

Action Items:

3. Sewer Service Charge Appeals - Fiscal Year 2023-24

4. Purchase of Disinfection Chemical for Wastewater Treatment Facility (WWTF)

END OF CONSENT AGENDA

PUBLIC APPEARANCES/ORAL COMMUNICATIONS

Speakers are limited to two minutes unless modified by the Chair. The District cannot take action on any matter raised under this item.

NEW BUSINESS

5. Authorizing a Construction Loan Agreement with the Daly City Joint Powers Financing Authority, the City of Daly City and the California State Water Resources Control Board and a Financing Agreement with the Daly City Joint Powers Financing Authority in Connection with the Financing of the Vista Grande Drainage Basin Improvement Project, Establishing One or More Pledged Sources of Revenue for Repayment of Funding, and Taking Certain Other Actions Related Thereto

REPORTS:

6. Board of Directors

7. Staff

ADJOURNMENT:

REGULAR MEETING - BOARD OF DIRECTORS

MINUTES

November 27, 2023

The Board of Directors of the North San Mateo County Sanitation District convened in a Regular Meeting on November 27, 2023, in the City Council Chamber, City Hall, 333 - 90th Street, Daly City, California.

The meeting was called to order by Chairman Ray Buenaventura at 6:51 p.m.

ROLL CALL:

Present: Daus-Magbual, DiGiovanni, Sylvester, Buenaventura
Absent: Manalo**

**Note: Vice Chair Manalo arrived at 6:55 p.m. but did not take part in a vote.

Staff Present: General Manager Thomas J. Piccolotti, District Counsel Rose Zimmerman, Director of Water and Wastewater Resources Joshua Cosgrove, Chief of Operations Greg Krauss, Plant and Equipment Maintenance Manager Michael Patolo, Safety and Training Compliance Officer Kaila DeFries, Director of Finance and Administrative Services Tim Nevin, Assistant to the City Manager Leilani Ramos, and Office Assistant II Ester Cabral as Recording Secretary.

APPROVAL OF AGENDA:

CONSENT AGENDA:

1. **Minutes of Regular Meeting of November 13, 2023**
2. **Sewer Service Charge Appeals – FY 2023-24**

Motion was made, seconded (DiGiovanni/Daus-Magbual) and unanimously carried to adopt the Consent Agenda.

NEW BUSINESS:

3. **Award Construction Contract for the Wastewater Treatment Plant Roof Replacement Phase II**

Plant and Equipment Maintenance Manager Michael Patolo recommended that the Board of Directors award the Wastewater Treatment Plant Roof Replacement Phase II contract to CWS Construction Group Inc. in the amount not to exceed $1,875,000 and to reject the bid protest of Blocka Construction, Inc.

The Wastewater Treatment Facility was constructed in 1975. Both the Administration Building and Operations Building were built as additions. In 2015, Simpson Gumpertz & Heger Inc. (SGH) did a condition assessment of both structures which found corrosion of the roofing and ducting systems. The Administration Building roof, ventilation, and cooling were fully replaced, and all new roofing material was installed in 2018 as part of Phase I. In August 2023, staff solicited formal bids for Phase II of the roof project.

Staff received two bids for this project on October 5, 2023, from CWS Construction Group Inc. and Blocka Construction Inc. The Department of Water and Wastewater Resources received a formal bid protest from Blocka Construction on October 11, 2023, and the following day received a bid protest response from CWS Construction Group Inc. After detailed review, CWS Construction Group Inc. met the required project guidelines and is the lowest responsive and responsible bidder.

There are sufficient funds available in the Sanitation Fund 87-920-994-4536 Ops Roof Replacement for this action.

Motion was made, seconded (DiGiovanni/Daus-Magbual) and unanimously carried to adopt Resolution 23-SD-15, “Authorizing Execution of a Construction Contract with CWC Construction Group, Inc. for the Wastewater Treatment Plant Roof Replacement Phase II Project and Rejection of the Bid Protest of Blocka Construction, Inc.”

REPORTS:

4. Board of Directors

None.

5. Staff

None.

ADJOURNMENT:

At 6:56 p.m., call of adjournment of Regular Meeting by Chairman Ray Buenaventura.

North San Mateo County Sanitation District

a subsidiary of the City of Daly City

Meeting Date: February 26, 2024

Subject: SEWER SERVICE CHARGE APPEALS - FISCAL YEAR 2023-24

Recommended Action

Based on staff review, I recommend that the sewer service charge be revised and based on annual water consumption or average yearly consumption excluding the base period.

Daly City Water

Alcaire, Blanca
APN# 003-436-060

Liu, Bao & Tang, Yue
APN# 008-254-140

Brown, Bernard & Mildred
APN# 091-466-360

Yang, David
APN# 102-810-110

Chow, Jim & Nancy
APN# 002-041-010

Ng, Isabel & Yeung, Kenneth
APN# 091-301-390

Westborough Water District

Gor, Jerry
Account# GOR0004

Staff is available to provide any additional information desired by the Chair or Board Members.

Respectfully submitted,

Timothy Nevin
Director of Finance and Administrative Services

Attachment: Sewer Service Charge Appeals

cc: District General Manager
City Attorney
Department of Water and Wastewater Resources

NORTH SAN MATEO COUNTY SANITATION DISTRICT
SEWER SERVICE CHARGE APPEAL
BOARD MEETING DATE

PARCEL NO.	003-436-060	2023-24
CUSTOMER NAME	Blanca Alcaire	
SERVICE ADDRESS	420 Lausanne Ave., Daly City CA 94014	

CREDIT BASED ON ACTUAL ANNUAL USAGE

WATER USAGE:

		BASE PERIOD	33
		2 MONTHS PRIOR	27
2 MONTHS AFTER	0	4 MONTHS PRIOR	15
4 MONTHS AFTER	0	6 MONTHS PRIOR	11
		8 MONTHS PRIOR	11
		10 MONTHS PRIOR	12
		ACTUAL ANNUAL USAGE	**109**
		BASE PERIOD ANNUALIZED	198
		ANNUAL CREDIT IN UNITS (MUST BE OVER 15 UNITS)	**89**
		PERCENTAGE CHANGE (MUST BE OVER 10%)	**82%**
		ANNUAL CREDIT IN DOLLARS	**$874.87**

(N.S.M.C.S.D. $9.83 per unit)

REASON FOR APPEAL

Property was vacant most of the time of the base period but there was high usage at the end of the year which affected the sewer fee.

STAFF RECOMMENDATION TO BOARD

Grant Adjustment - Based on actual annual usage

NORTH SAN MATEO COUNTY SANITATION DISTRICT
SEWER SERVICE CHARGE APPEAL
BOARD MEETING DATE

PARCEL NO.	091-466-360	2023-24
CUSTOMER NAME	Bernard & Mildred Brown	
SERVICE ADDRESS	721 Gellert Blvd., Daly City CA 94015	

CREDIT BASED ON ACTUAL ANNUAL USAGE

WATER USAGE:

		BASE PERIOD	28
		2 MONTHS PRIOR	27
2 MONTHS AFTER	17	4 MONTHS PRIOR	24
4 MONTHS AFTER	12	6 MONTHS PRIOR	26
		8 MONTHS PRIOR	23
		10 MONTHS PRIOR	17
		ACTUAL ANNUAL USAGE	**145**
		BASE PERIOD ANNUALIZED	168
		ANNUAL CREDIT IN UNITS (MUST BE OVER 15 UNITS)	**23**
		PERCENTAGE CHANGE (MUST BE OVER 10%)	**16%**
		ANNUAL CREDIT IN DOLLARS	**$226.09**

(N.S.M.C.S.D. $9.83 per unit)

REASON FOR APPEAL

During the base period, customer found a leak in the house. After repairs were completed, usage decreased back to their normal average.

STAFF RECOMMENDATION TO BOARD

Grant Adjustment - Based on actual annual usage

NORTH SAN MATEO COUNTY SANITATION DISTRICT
SEWER SERVICE CHARGE APPEAL
BOARD MEETING DATE

PARCEL NO.	002-041-010	2023-24
CUSTOMER NAME	Jim & Nancy Chow	
SERVICE ADDRESS	23 Westdale Ave., Daly City CA 94015	

CREDIT BASED ON ACTUAL ANNUAL USAGE

WATER USAGE:

		BASE PERIOD	36
		2 MONTHS PRIOR	24
2 MONTHS AFTER	7	4 MONTHS PRIOR	8
4 MONTHS AFTER	8	6 MONTHS PRIOR	16
		8 MONTHS PRIOR	18
		10 MONTHS PRIOR	9
		ACTUAL ANNUAL USAGE	**111**
		BASE PERIOD ANNUALIZED	216
		ANNUAL CREDIT IN UNITS (MUST BE OVER 15 UNITS)	**105**
		PERCENTAGE CHANGE (MUST BE OVER 10%)	**95%**
		ANNUAL CREDIT IN DOLLARS	**$1,032.15**

(N.S.M.C.S.D. $9.83 per unit)

REASON FOR APPEAL

During the base period, the homeowner's water heater broke down causing a leak. After repairs were completed, usage decreased back to their normal average.

STAFF RECOMMENDATION TO BOARD

Grant Adjustment - Based on actual annual usage

NORTH SAN MATEO COUNTY SANITATION DISTRICT
SEWER SERVICE CHARGE APPEAL
BOARD MEETING DATE

PARCEL NO.	008-254-140	2023-24
CUSTOMER NAME	Bao Liu & Yue Tang	
SERVICE ADDRESS	42 Southdale Ave., Daly City CA 94015	

CREDIT BASED ON ACTUAL ANNUAL USAGE

WATER USAGE:

		BASE PERIOD	75
		2 MONTHS PRIOR	41
2 MONTHS AFTER	19	4 MONTHS PRIOR	24
4 MONTHS AFTER	13	6 MONTHS PRIOR	22
		8 MONTHS PRIOR	16
		10 MONTHS PRIOR	17
		ACTUAL ANNUAL USAGE	**195**
		BASE PERIOD ANNUALIZED	450
		ANNUAL CREDIT IN UNITS (MUST BE OVER 15 UNITS)	**255**
		PERCENTAGE CHANGE (MUST BE OVER 10%)	**131%**
		ANNUAL CREDIT IN DOLLARS	**$2,506.65**

(N.S.M.C.S.D. $9.83 per unit)

REASON FOR APPEAL

Customer had a leak during the base period. After repairs were completed, usage decreased back to their normal average.

STAFF RECOMMENDATION TO BOARD

Grant Adjustment - Based on actual annual usage

NORTH SAN MATEO COUNTY SANITATION DISTRICT
SEWER SERVICE CHARGE APPEAL
BOARD MEETING DATE

PARCEL NO.	102-810-110	2023-24
CUSTOMER NAME	David Yang	
SERVICE ADDRESS	383 Green Ridge Dr. #7, Daly City, CA 94014	

CREDIT BASED ON ACTUAL ANNUAL USAGE

WATER USAGE:

		BASE PERIOD	38
		2 MONTHS PRIOR	7
2 MONTHS AFTER	4	4 MONTHS PRIOR	6
4 MONTHS AFTER	3	6 MONTHS PRIOR	7
		8 MONTHS PRIOR	6
		10 MONTHS PRIOR	6
		ACTUAL ANNUAL USAGE	**70**
		BASE PERIOD ANNUALIZED	228
		ANNUAL CREDIT IN UNITS (MUST BE OVER 15 UNITS)	**158**
		PERCENTAGE CHANGE (MUST BE OVER 10%)	**226%**
		ANNUAL CREDIT IN DOLLARS	**$1,553.14**

(N.S.M.C.S.D. $9.83 per unit)

REASON FOR APPEAL

During the base period, customer found a leak from the faucet inside the condo. After repairs were completed, usage decreased.

STAFF RECOMMENDATION TO BOARD

Grant Adjustment - Based on actual annual usage

NORTH SAN MATEO COUNTY SANITATION DISTRICT
SEWER SERVICE CHARGE APPEAL
BOARD MEETING DATE

PARCEL NO.	091-301-390	2023-24
CUSTOMER NAME	Isabel Ng & Kenneth Yeung	
SERVICE ADDRESS	100 Wembley Dr., Daly City, CA 94015	

CREDIT BASED ON ACTUAL ANNUAL USAGE

WATER USAGE:

		BASE PERIOD	57
		2 MONTHS PRIOR	28
2 MONTHS AFTER	21	4 MONTHS PRIOR	21
4 MONTHS AFTER	6	6 MONTHS PRIOR	14
		8 MONTHS PRIOR	23
		10 MONTHS PRIOR	11
		ACTUAL ANNUAL USAGE	**154**
		BASE PERIOD ANNUALIZED	342
		ANNUAL CREDIT IN UNITS (MUST BE OVER 15 UNITS)	**188**
		PERCENTAGE CHANGE (MUST BE OVER 10%)	**122%**
		ANNUAL CREDIT IN DOLLARS	**$1,848.04**

(N.S.M.C.S.D. $9.83 per unit)

REASON FOR APPEAL

During the base period, customer found a toilet leak. After repairs were completed, usage decreased.

STAFF RECOMMENDATION TO BOARD

Grant Adjustment - Based on actual annual usage

NORTH SAN MATEO COUNTY SANITATION DISTRICT
SEWER SERVICE CHARGE APPEAL 2023-24
BOARD MEETING
WESTBOROUGH WATER DISTRICT

ACCOUNT NO. GOR0004
CUSTOMER NAME: Jerry Gor
SERVICE ADDRESS: 3973 Fairfax Way, S. San Francisco CA 94080

WATER USAGE FOLLOWING BASE PERIOD		BASE PERIOD	22
2 MONTHS AFTER	5	2 MONTHS PRIOR	5
4 MONTHS AFTER	5	4 MONTHS PRIOR	11
		6 MONTHS PRIOR	5
		8 MONTHS PRIOR	5
		10 MONTHS PRIOR	5

ACTUAL ANNUAL USAGE	**53**
BASE PERIOD ANNUALIZED	132
ANNUAL CREDIT IN UNITS (MUST BE OVER 15 UNITS)	**79**
PERCENTAGE CHANGE (MUST BE OVER 10%)	**149%**
ANNUAL CREDIT IN DOLLARS	**$ 936.94**

(Westborough rate $ 11.86 per unit)

REASON FOR APPEAL

Customer had a leak during the base period. Usage decreased after repairs were completed.

STAFF RECOMMENDATION TO BOARD

Grant adjustment - Based on actual annual consumption

Item # _____

Agenda Report

North San Mateo County Sanitation District

a subsidiary of the City of Daly City

Meeting Date: February 26, 2024

Subject: **Purchase of Disinfection Chemical for the Wastewater Treatment Facility (WWTF)**

Recommended Action

Authorize staff to purchase disinfection chemicals for the WWTF in an amount not to exceed $200,000.00.

Background/Discussion

The purchase of chemicals for the WWTF's disinfection process is a necessary component needed to maintain and comply with the facility's environmental permit. Sodium Hypochlorite is used to disinfect the effluent in a final process and is required prior to discharging into the Pacific Ocean. When staff received authority at the beginning of the fiscal year for $425,000.00, the cost of Sodium Hypochlorite through the Bay Area Chemical Consortium was $1.49 per gallon. The purchase of chemicals was approved by resolution, in August of 2023, but the cost recently increased to $2.85 per gallon and staff is requesting to increase the Department's authority to purchase this chemical by $200,000.00. This will provide purchasing authority to $625,000.00 for the remaining fiscal year.

This chemical is part of the bid process by the Bay Area Chemical Consortium, in which the North San Mateo County Sanitation District is a member. The Consortium ensures that its members receive the lowest price on the chemicals associated with the Consortium.

This purchase will cover the cost of WWTF's disinfection chemicals for Fiscal Year 2023-24.

Fiscal Impact

Sufficient funds are available in the Sanitation Fund 87-381-372-4243 Operating Supplies.

Summary/Conclusion

Authorize staff to purchase disinfection chemicals for the WWTF in an amount not to exceed $200,000.00.

Respectfully submitted,

Joshua Cosgrove
Director of Water and Wastewater Resources

Gregory Krauss
Chief of Operations

North San Mateo County Sanitation District

a subsidiary of the City of Daly City

Meeting Date: February 26, 2024

Subject: AUTHORIZING A CONSTRUCTION LOAN AGREEMENT WITH THE DALY CITY JOINT POWERS FINANCING AUTHORITY, THE CITY OF DALY CITY AND THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD AND A FINANCING AGREEMENT WITH THE DALY CITY JOINT POWERS FINANCING AUTHORITY IN CONNECTION WITH THE FINANCING OF THE VISTA GRANDE DRAINAGE BASIN IMPROVEMENT PROJECT, ESTABLISHING ONE OR MORE PLEDGED SOURCES OF REVENUE FOR REPAYMENT OF FUNDING, AND TAKING CERTAIN OTHER ACTIONS RELATING THERETO

Recommended Action

Consider adoption of a resolution authorizing a Construction Loan Agreement with the Daly City Joint Powers Financing Authority, the City of Daly City, and the California State Water Resources Control Board in connection with the financing of the Vista Grande Drainage Basin Improvement Project and a related Financing Agreement, establishing one or more pledged revenue sources for repayment of the financing, and taking other related actions.

Background

Vista Grande Drainage Basin Improvement Project. The City of Daly City (the "City") and the North San Mateo County Sanitation District (the "District") are undertaking the Vista Grande Drainage Basin Improvement Project (the "Project").

Financing Plan. The City and the District have evaluated options to finance the Project and plan to rely on three categories of funding sources:

- Contributions – The City and the District will coordinate with participants to fund a portion of project costs with up-front contributions or contributions during construction.
- Grants – The City and the District will continue to coordinate the effort to identify, apply for, receive, and manage grants and other contributions from state and federal agencies.
- Debt ~ After contributions and grants, the City and the District will fund the remaining Project costs with loans from state and federal agencies and, if other sources are not available with reasonable costs and conditions, public offerings of debt.

To jointly finance the Project, the City and the District established the Daly City Joint Powers Financing Authority (the "Authority") pursuant to a Joint Exercise of Powers Agreement, dated as of March 1, 2021, as amended on November 1, 2022.

As of the date of this staff report and subject to change, the following table provides the projected funding sources and uses for the Project:

Vista Grande Project ~ Estimated Funding Sources and Uses			
Funding Sources			
Contributions			
CalTrans	$ 3,440,000		
City	10,000,000		
District	10,000,000		
San Francisco Public Utilities Commission	35,000,000		
San Mateo County	15,000,000		
Subtotal	$ 73,440,000		
Grants (including forgiveable loan principal)			
State Water Board	$ 20,000,000		
Debt		*City Debt*	*District Debt*
State Water Board, SRF	$ 50,500,000	*$ 24,862,570*	*$ 25,637,430*
EPA, WIFIA	7,666,764	3,774,563	3,892,200
Subtotal	$ 58,166,764	*$ 28,637,134*	*$ 29,529,630*
Total Funding Sources	$ 151,606,764		
Uses			
Project Construction	$ 150,858,396		
Costs to Originate Grants and Loans	748,368		
Total Uses	$ 151,606,764		

Proposed SRF Financing. On December 19, 2019, the City, the District, and the Authority initiated an application for financial assistance to the State Water Board.

Since then, staff has worked with an outside bond counsel (Jones Hall, A Professional Law Corporation) and an independent municipal advisor (D.A. Davidson) to negotiate with the State Water Board (i) the terms of a loan (the "Loan") from the State Water Board to the Authority to finance the Project, (ii) a Construction Loan Agreement among the District, the City, the Authority and the State Water Board (the "2024 Construction Loan Agreement"), (iii) a Financing Agreement between the Authority and the District (the "District Financing Agreement"), pursuant to which the District would agree to make payments to the Authority from net revenues of the District's wastewater enterprise (the "Wastewater Enterprise") that the Authority would use to pay a portion of the Loan payments, when due and (iv) a Financing Agreement between the Authority and the City (the "City Financing Agreement"), pursuant to which the City would agree to make payments to the Authority from net revenues of the City's water enterprise (the "Water Enterprise") that the Authority would use to pay a portion of the Loan payments.

Based on the projected funding sources and uses presented in the table above, District staff anticipates that the principal amount of the District's payment obligations under the District Financing Agreement will be approximately $25,637,430. If the Loan is originated in 2024, Staff expects the Loan to mature in 2053, and the true interest cost of the Loan to be approximately 3.00%,

Pursuant to the proposed resolution, the District's Board of Directors would approve the Loan in a maximum principal amount of $130,000,000 and the District's payment obligations under the District Financing Agreement in a maximum principal amount of $65,300,000, in each case with a maximum interest rate of 4.50%; authorize execution and delivery of the Construction Loan Agreement and the District Financing Agreement; and authorize related actions.

Compared to other debt financing sources, the proposed Loan offers the following advantages to the City and the District:

1. Grant and Loan Combination – The State Water Board awards a combination of grants and loans to applicants ranked on a priority list. Presently, the State Water Board ranks the Project as #1 across eligible projects in California.
2. Lower Interest Expense – The State Water Board sets loan interest rates at least 50% below market rates.
3. Other Terms and Conditions – The City and the District can repay principal over 30 years and only pay interest on their respective share of Loan amounts drawn from the State Water Board.

Fiscal Impact

Using a finance model that includes historical data, budgets. and projections through June 30, 2053, Staff projected fiscal impacts based on the expected funding sources and uses summarized above.

From July 1, 2016 to June 30, 2023, the Sanitation Fund "sales and service" revenues averaged 4.76% annual increases due to rate adjustments, new users, and increased wastewater flows. As part of the adopted FY 2024 Budget, the City budgeted 5% annual revenue increases through June 30, 2028. Effective July 1, 2028 through final maturity on June 30, 2053, staff forecast 2% annual revenue increases will enable the Sanitation Fund to fund its share of Project operating and maintenance costs, pay debt service, and comply with other loan terms and conditions.

After originating debt, the District will be required to annually verify that Sanitation Fund revenues are sufficient to:

1. fund 100% of annual Wastewater Enterprise operating and maintenance expenses,
2. fund 100% of annual debt service, and
3. generate additional annual revenue ("Net Revenues") at least equal to 20% of annual debt service.

If revenues are not sufficient, the District will adjust rates and charges as required.

After paying annual debt service, the District may use Net Revenues to annually fund repairs, replacements, reserves, and other lawful uses and purposes of the Sanitation Fund

The formula for annual Net Revenues to "cover" annual debt service is:

Calculation 1: Annual Revenues – Operating & Maintenance Expenses = Annual Net Revenues

Calculation 2: Annual Net Revenues = (at least) 1.20 x Annual Debt Service

Using the above "Net Revenues Coverage" formula, staff expects the Sanitation Fund will generate annual net revenues at a ratio above 1.5 to 1 to "cover" payments under the District Financing Agreement.

For planning purposes and compared to the sources and uses of funding summarized above, Staff reduced contributions by $15,000,000 and increased the District's portion of the Loan by $7,500,000. Even with an increase in annual debt service, staff project the Sanitation Fund will continue to generate Net Revenues Coverage in excess of 1.5 times annual debt service; e.g. staff expect the Sanitation Fund will generate at least $1,500,000 of annual Net Revenues to cover $1,000,000 of annual debt service.

<u>Summary/Conclusion</u>

Staff recommends that the Board of Directors adopt a resolution approving the Loan from the State Water Board in the maximum principal amount of $130,000,000, payments by the District under the District Financing Agreement in the maximum principal amount of $65,300,000, and an interest rate not to exceed 4.50%; approving related documents; establishing one or more pledged revenue sources for repayment of the financing; and taking other related actions.

Staff is available to provide any additional information desired by the Chairman or Board members.

Respectfully submitted,

Joshua Cosgrove
Director of Water and Wastewater Resources

Rose Zimmerman
District Counsel

Attachments:

Attachment 1: Draft Resolution
Attachment 2: Construction Loan Agreement
Attachment 3: District Financing Agreement

RESOLUTION NO. ____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH SAN MATEO COUNTY SANITATION DISTRICT AUTHORIZING A CONSTRUCTION LOAN AGREEMENT WITH THE DALY CITY JOINT POWERS FINANCING AUTHORITY, THE CITY OF DALY CITY AND THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD AND A FINANCING AGREEMENT WITH THE DALY CITY JOINT POWERS FINANCING AUTHORITY IN CONNECTION WITH THE FINANCING OF THE VISTA GRANDE DRAINAGE BASIN IMPROVEMENT PROJECT, ESTABLISHING ONE OR MORE PLEDGED SOURCES OF REVENUE FOR REPAYMENT OF FUNDING, AND TAKING CERTAIN OTHER ACTIONS RELATING THERETO

R E C I T A L S

WHEREAS, the City of Daly City (the “City”) and the North San Mateo County Sanitation District (the “District”) established the Daly City Joint Powers Financing Authority (the “Authority”) pursuant to a Joint Exercise of Powers Agreement, dated as of March 1, 2021, as amended and restated as of November 1, 2022; and

WHEREAS, the Authority is a public entity separate and apart from the City and the District; and

WHEREAS, the City and the District desire to finance the costs of acquiring, constructing and/or reconstructing certain public facilities and improvements to maintain and enhance water quality, manage non-point source pollution, protect drinking water sources, and manage related impacts to City, District and regional water and wastewater systems including certain treatment facilities, pipelines and other infrastructure, which project is commonly referred to as the Vista Grande Drainage Basin Improvement Project (the "Project"); and; and

WHEREAS, with respect to the Project’s compliance with the California Environmental Quality Act (“CEQA”), (i) on December 11, 2017, the City approved the Project and certified its accompanying Environmental Impact Report (SCH Number 2013032001) (“EIR”) as complying with CEQA, (ii) along with the certification, the City adopted all necessary findings and a mitigation reporting and monitoring plan for the Project, and (iii) since approval of the Project, there have been no substantial changes in the Project, substantial changes in its circumstances, or new information of substantial importance necessitating major revisions of the EIR pursuant to Public Resources Code section 21166 or CEQA Guidelines section 15162, and thus no subsequent or supplemental CEQA review is required; and

WHEREAS, the District intends to finance the construction and/or reconstruction of a portion of the Project with moneys (“Project Funds”) provided by the State of California, acting by and through the State Water Resources Control Board (the “State Water Board”); and

WHEREAS, in its Resolution No. 22-SD-13, adopted on November 28, 2022, the District declared its intention to reimburse expenditures for capital costs of the Project from the proceeds of tax-exempt debt to be issued in the maximum principal amount of $130,000,000; and

WHEREAS, the District now desires to approve the following documents for the purpose of providing the terms relating to the distribution by the State Water Board and repayment by the

Authority, the District and the City, as applicable, of the Project Funds: (i) a Construction Loan Agreement among the District, the City, the Authority and the State Water Board (the "2024 Construction Loan Agreement") and (ii) a Financing Agreement between the District and the Authority (the "2024 District Financing Agreement"); and

WHEREAS, Section 603(d)(1)(C) of the Federal Clean Water Act Amendments requires each financing recipient to establish one or more pledged sources of revenue for Clean Water State Revolving Fund ("CWSRF") financial assistance; and

WHEREAS, the District is not obligated to make any payments under the 2024 Construction Loan Agreement; and

WHEREAS, under the 2024 District Financing Agreement, the Member Agency Payments (as defined in the 2024 District Financing Agreement) payable by the District will be secured by a pledge of and payable from Net Revenues (as defined in the 2024 District Financing Agreement) of the District's Sewer Enterprise (as defined in the 2024 District Financing Agreement), on a parity basis with the District's obligation, if any, to make payments to the State Water Board under Agreement No. 02-816-550-0 (ISA Number: C-06-4801-110); and

WHEREAS, pursuant to Government Code Section 5852.1, certain information relating to the District's obligation to make Member Agency Payments under the 2024 District Financing Agreement is set forth in Exhibit A attached to this Resolution, and such information is hereby disclosed and made public.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the North San Mateo County Sanitation District as follows:

Section 1. Each of the above recitals is true and correct and is adopted by the Board of Directors.

Section 2. The District approves State Water Board financing pursuant to the 2024 Construction Loan Agreement in a principal amount not to exceed $130,600,000 with an interest rate not to exceed 4.50%.

The District further hereby approves the District's Member Agency Payments under the 2024 District Financing Agreement in principal amount not to exceed $65,300,000 with an interest rate not to exceed 4.50%.

Section 3. The 2024 Construction Loan Agreement, in substantially the form on file with the Secretary, is hereby approved in substantially the form thereof with such changes as may be approved by the Chairman, the General Manager or the written designee of the Chairman or the General Manager, acting alone (each an "Authorized Officer"). Execution by an Authorized Officer of the 2024 Construction Loan Agreement shall constitute conclusive evidence of such Authorized Officer's approval of all such changes. Each of the Authorized Officers is hereby authorized, together or alone, to execute and deliver the 2024 Construction Loan Agreement. The Secretary is hereby authorized to attest to the Authorized Officer's signature, where applicable.

Section 4. The 2024 District Financing Agreement, in substantially the form on file with the Secretary, is hereby approved in substantially the form thereof with such changes as may be approved by an Authorized Officer. Execution by an Authorized Officer of the 2024 District Financing Agreement shall constitute conclusive evidence of such Authorized Officer's approval of all such changes. Each of the Authorized Officers is hereby authorized, together or alone, to execute and deliver the 2024 District Financing Agreement. The Secretary is hereby authorized to attest to the Authorized Officer's signature, where applicable.

Section 5. The covenants of the District set forth in the 2024 Construction Loan Agreement and the 2024 District Financing Agreement to be executed in accordance with Sections 3 and 4 above are hereby approved, shall be deemed to be covenants of the Board of Directors, and shall be complied with by the District and its officers.

Section 6. The District hereby pledges Net Revenues (as defined in the 2024 District Financing Agreement) of its Sewer Enterprise (as defined in the 2024 District Financing Agreement) as security for its obligation to pay the Member Agency Payments owed under the 2024 District Financing Agreement on a parity basis with the obligations described in the recitals. The pledged source of revenue shall remain in effect until such financing is fully discharged unless modification or change of such dedication is approved in writing by the State Water Board.

Section 7. Each Authorized Officer and the other officers and staff of the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and execute and deliver any and all documents and certificates as are necessary to accomplish and to consummate the transactions contemplated by the 2024 Construction Loan Agreement and the 2024 District Financing Agreement.

Section 8. This Resolution shall take effect immediately upon its passage and adoption.

I hereby certify the foregoing resolution was duly and regularly passed and adopted by the Board of Directors of the North San Mateo County Sanitation District, San Mateo County, California, at a regular meeting thereof held on the ___ day of ____, 2024, by the following vote:

AYES, and in favor thereof:

NOES:

ABSENT:

ABSTAIN:

____
SECRETARY, NORTH SAN MATEO
COUNTY SANITATION DISTRICT

APPROVED:

____
CHAIRMAN

EXHIBIT A

REQUIRED GOOD FAITH ESTIMATES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

1. True Interest Cost of the District's Member Agency Payments under the 2024 District Financing Agreement: 3.00%

2. Finance charge of the District's Member Agency Payments under the 2024 District Financing Agreement, being the sum of all fees and charges paid to third parties: $300,000

3. Amount of Project Funds expected to be received by the District under the 2024 District Financing Agreement, net of proceeds for finance charges in (2) above and net of capitalized interest (if any) and reserves (if any) paid or funded with the Project Funds: $65,000,000

4. Total payment amount for the Project Funds, being the sum of (a) the Member Agency Payments to be paid by the District under the 2024 District Financing Agreement to final maturity ($100,120,159), plus (b) any financing costs not paid from proceeds of the Project Funds ($0): $100,120,159

____

**All amounts and percentages are estimates, and are made in good faith by the District based on information available as of the date of adoption of this Resolution.*

DRAFT DATED: 02/16/2024

CLEAN WATER

DALY CITY JOINT POWERS FINANCING AUTHORITY

AND

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD

CONSTRUCTION
LOAN AGREEMENT

PROJECT NO. C-06-8502-110

VISTA GRANDE DRAINAGE BASIN IMPROVEMENT PROJECT

AGREEMENT NO. [ ]

PROJECT FUNDING AMOUNT: $
ESTIMATED REASONABLE PROJECT COST: $

ELIGIBLE WORK START DATE: _______________
ELIGIBLE CONSTRUCTION START DATE: _______________
COMPLETION OF CONSTRUCTION DATE: _______________
FINAL REIMBURSEMENT REQUEST DATE: ______________
FINAL PAYMENT DATE: ______________
RECORDS RETENTION END DATE: ______________

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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 13475 et seq. of the Water Code, and Resolution Nos. 2019-0064 and 2023-0027.

(b) The Recipient is authorized to enter into this Loan Agreement (Agreement) pursuant to Resolution No. ________________.

2. INTENTION.

(a) The Recipient desires to receive financial assistance for and undertake work required for the wastewater 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 the Revenues, as set forth in Exhibit B, according to the terms and conditions set forth in this Agreement.

(d) The Recipient and the Member Agencies intend to certify and evidence their compliance with the Tax Covenants set forth in Exhibit F.

(e) The Recipient and the Member Agencies intend to evidence their various obligations to construct, own, operate, and maintain the Project for its Useful Life.

(f) The Recipient and each Member Agency will, concurrently with the execution of this Agreement, execute and deliver the Member Financing Agreements attached hereto as Exhibits G and H. The purpose of each Member Financing Agreement is to evidence each Member Agency's obligation to make its Member Agency Payments and Member Agency Additional Payments to the Recipient and secure its obligation to pay its Member Agency Payments with its Member Agency Revenues, as set forth in Exhibit B, according to the terms and conditions set forth in this Agreement.

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 State Water Board hereby loans to the Recipient in accordance with the provisions of this Agreement, which constitutes a secured promissory note for repayment of the loan.

(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 bond counsel and general counsel satisfactory to the State Water Board's counsel dated on or after the date that the Recipient signs this Agreement.
iii. The Recipient must deliver executed copies of the Member Financing Agreements attached as Exhibits G and H to this Agreement.
iv. The Recipient must deliver the Member Agencies' resolutions authorizing this Agreement.
v. The Recipient must deliver the Member Agencies' opinions of general counsel and bond counsel that are 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
vii. EXHIBIT G –CITY MEMBER FINANCING AGREEMENT
viii. EXHIBIT H –DISTRICT MEMBER FINANCING AGREEMENT

(e) This Agreement includes the following documents incorporated by reference, as well as any documents incorporated by reference in Exhibit D:

i. the Final Plans & Specifications, dated __________, which are the basis for the construction contract to be awarded by the Recipient;
ii. Waste Discharge Requirement Order No. _________ (and/or National Pollutant Discharge Elimination System Permit No. _________), and any amendments thereto;
iii. the Recipient's Reimbursement Resolution No. _______ dated ________________;
iv. the Recipient's Tax Questionnaire dated ________________.
v. the Davis-Bacon requirements found at:

https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/2023/davis-bacon-2023-cwsrf-governmental-entities-public.pdf

(f) This Agreement, and any amendments hereto, may be executed and delivered in any number of counterparts, each of which when delivered shall be deemed to be an original, but such counterparts shall together constitute one document. The parties may sign this Agreement, and any amendments hereto, either by an electronic signature using a method approved by the State Water Board or by a physical, handwritten signature. The parties mutually agree that an electronic signature using a method approved by the State Water Board is the same as a physical, handwritten signature for the purposes of validity, enforceability, and admissibility.

(g) All provisions of this Agreement that require the Recipient to undertake an operational act with respect to the Project shall be undertaken by the Member Agencies or relevant Member Agency on behalf of the Recipient, it being acknowledged by the parties to this Agreement that the Recipient is an entity established to provide conduit financing to the Member Agencies, that any or all of the Recipient and the Member Agencies will own the Project, and that any or all of the Recipient and the Member Agencies will manage the Project.

4. PARTY CONTACTS

State Water Board		Daly City Joint Powers Financing Authority	
Section:	Division of Financial Assistance		
Name:	xxxx, Project Manager	Name:	Title
Address:	1001 I Street, ___ Floor	Address:	
City, State, Zip:	Sacramento, CA 95814	City, State, Zip:	
Phone:	(916)	Phone:	
Fax:	(916)	Fax:	
Email:	[PMemail]@waterboards.ca.gov [programemail@waterboards.ca.gov]	Email:	
City of Daly City		North San Mateo County Sanitation District	
Name:	Title	Name:	Title
Address:		Address:	
City, State, Zip:		City, State, Zip:	
Phone:		Phone:	
Fax:		Fax:	
Email:		Email:	

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

While the foregoing are contacts for day-to-day communications regarding Project work, the Recipient and Member Agencies 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 Member Agency Obligation" means any Member Agency Obligation issued or incurred on or after the effective date of this Agreement pursuant to the conditions of Exhibit B.

"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.

"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.

"City" means the City of Daly City.

"City Enterprise Fund" means the enterprise fund of the City into which City System Revenues are deposited.

"City Member Financing Agreement" means the Member Financing Agreement between the Recipient and the City, attached to this Agreement as Exhibit G.

"City Net System Revenues" means the Net Revenues as such term is defined in the City Member Financing Agreement.

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

"City System Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the City from the ownership or operation of the City System, determined in accordance with GAAP, including

(i) all rates, fees, and charges (including connection fees and charges) as received by the City for the services of the City System, and

(ii) all other income and revenue howsoever derived by the City from the ownership or operation of the City System or arising from the City System, including all income from

a. the deposit or investment of any money in the City Enterprise Fund or any rate stabilization fund of the City or held on the City's behalf,

b. any refundable deposits made to establish credit, and

c. advances or contributions in aid of construction.

For the avoidance of doubt, refundable deposits and advances or contributions are not included in the definition of City System Revenues.

"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.

“Deputy Director” means the Deputy Director of the Division.

“District” means the North San Mateo County Sanitation District.

“District Enterprise Fund” means the enterprise fund of the District into which District System Revenues are deposited.

“District Member Financing Agreement” means the Member Financing Agreement between the Recipient and the District, attached to this Agreement as Exhibit H.

“District Net System Revenues” means the Net Revenues as such term is defined in the District Member Financing Agreement.

“District Parity Obligation” means the Installment Sale Agreement by and between North San Mateo County Sanitation District and California State Water Resources Control Board dated November 26, 2003 (Agreement No.: 02-816-550-0, ISA No.: C-06-4801-110, Project No.: 4801-110.)

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

“District System Revenues” means, for each Fiscal Year, all gross income and revenue received or receivable by the District from the ownership or operation of the District System, determined in accordance with GAAP, including

(i) all rates, fees, and charges (including connection fees and charges) as received by the District for the services of the District System, and

(ii) all other income and revenue howsoever derived by the District from the ownership or operation of the District System or arising from the District System, including all income from

a. the deposit or investment of any money in the District Enterprise Fund or any rate stabilization fund of the District or held on the District’s behalf,

b. any refundable deposits made to establish credit, and

c. advances or contributions in aid of construction.

For the avoidance of doubt, refundable deposits and advances or contributions are not included in the definition of District System Revenues.

"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.

“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.

“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 or Additional Payments or payments to contractors or subcontractors;
b) Failure by a Member Agency to make any payment set forth in its Member Financing Agreement;
c) A representation or warranty made by or on behalf of the Recipient or any Member Agency 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;
d) A material adverse change in the condition of the Recipient, the Revenues, a Member Agency, any Member Agency Revenues or the System, which the Division reasonably determines would materially impair the Recipient’s ability to satisfy its obligations under this Agreement.
e) Failure by the Recipient or any Member Agency to comply with the additional debt test or reserve fund requirement, if any, in Exhibit B of this Agreement;
f) Failure by the Recipient or any Member Agency to operate the System or the Project without the Division’s approval;
g) Failure by the Recipient or any Member Agency 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;
h) The occurrence of a material breach or event of default under any Member Agency Obligation that results in the acceleration of principal or interest or otherwise requires immediate prepayment, repurchase or redemption;
i) 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 or any Member Agency’s property by a receiver, liquidator, assignee, trustee, custodian, conservator, or similar official; the Recipient’s or a Member Agency’s entering into a general assignment for the benefit of creditors; the initiation of resolutions or proceedings to terminate the Recipient’s or any Member Agency’s existence, or any action in furtherance of any of the foregoing;
j) A determination pursuant to Gov. Code section 11137 that the Recipient or any Member Agency has violated any provision in Article 9.5 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code;
k) The occurrence of a material breach or event of default by the Recipient or any Member Agency under any of the following agreements:

- The Joint Exercise of Powers Agreement Daly City Joint Powers Financing Authority, by and between the City of Daly City and the North San Mateo County Sanitation District, dated March 1, 2021 and as subsequently amended (the "Joint Exercise of Powers Agreement")
- Any Member Financing Agreement
- Any Subsequent Member Financing Agreement

l) Loss of any rights, licenses, permits, or privileges necessary for the operation of the System or the Project, or the occurrence of any material restraint on the enterprise of the Recipient or any Member Agency by a government agency or court order.

"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.

"Final Reimbursement 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.

"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 and/or a Member Agency as its Fiscal Year in accordance with applicable law.

"Force Account" means the use of the Recipient's or a Member Agency'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.

"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.

"JPFA Debt Service Fund" means the debt service fund of the Recipient into which the Revenues are deposited.

"JPFA Obligation" means any obligation of the Recipient payable from the Revenues, including but not limited to this Obligation. This Agreement is the only JPFA Obligation.

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

"Member Agency" means any one of the City of Daly City and the North San Mateo County Sanitation District, and any additional entities that may join the Joint Exercise of Powers Agreement, subject to Exhibit D of this Agreement.

"Member Agency Additional Payment" means an amount payable by a Member Agency under its Member Financing Agreement that represents the Member Agency's allocable portion of a payment obligation of the Recipient under this Agreement that is not debt service on the JPFA Obligation.

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

“Member Agency Debt Service” means, as of any date, with respect to a Member Agency’s respective outstanding Member Agency Obligations and, in the case of the additional debt tests in Exhibit B of this Agreement, any Member Agency Obligations of such Member Agency 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 payment allocable to a Charge In Lieu of Interest on such Member Agency Obligation, 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 Member Agency 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 Member Agency 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 SOFR, or its successor index, during the 24 months preceding the date of such calculation;

d. Interest on a variable rate Member Agency 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 Member Agency 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 Member Agency Debt Service;

f. Payments of principal and interest on a Member Agency Obligation are excluded from the calculation of Member Agency 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 Member Agency Obligation;

g. If 25% or more of the principal of a Member Agency Obligation is not due until its final stated maturity, then principal and interest on that Member Agency 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 Member Agency Debt Service, as appropriate.

“Member Agency Enterprise Fund” means, with respect to the City, the City Enterprise Fund, and with respect to the District, the District Enterprise Fund.

“Member Agency Net Revenues” means each of the City Net System Revenues and the District Net System Revenues.

“Member Agency Obligation” means, with respect to each Member Agency, any Member Agency Parity Obligation, Member Agency Senior Obligation, Member Agency Subordinate Obligation, or other material obligations, including this Obligation.

“Member Agency Parity Obligation” means the City Parity Obligation and the District Parity Obligation, or either of them.

“Member Agency Payment” means any amount payable by a Member Agency under its Member Financing Agreement that represents the Member Agency’s allocable portion of debt service on the

Obligation. For the avoidance of doubt, a Charge In Lieu of Interest constitutes a Member Agency Payment.

"Member Agency Revenues" means, with respect to the City, the City System Revenues, and with respect to the District, the District System Revenues.

"Member Agency Senior Obligation" means any obligation of the Member Agencies senior to the Member Financing Agreements. There are no Member Agency Senior Obligations.

"Member Agency Subordinate Obligation" means any obligation of the Member Agencies subordinate to the Member Financing Agreements. There are no Member Agency Subordinate Obligations.

"Member Financing Agreement" means the City Member Financing Agreement and the District Member Financing Agreement, as applicable.

"Member Maximum Annual Debt Service" means the maximum amount of Member Agency Debt Service due on any Member Agency's Member Agency Obligations in a Fiscal Year during the period commencing with the Fiscal Year for which such calculation is made and within the next five years in which Member Agency Debt Service for such Member Agency Obligations will become due.

"Obligation" means the obligation of the Recipient to make Payments (including Additional Payments) or any Member Agency to make Member Agency Payments (including Member Agency 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, with respect to each System, the reasonable and necessary costs paid or incurred by a Member Agency for maintaining and operating its System, determined in accordance with GAAP, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the relevant System in good repair and working order, and including all reasonable and necessary administrative costs of the Member Agency 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 (a) depreciation, replacement, and obsolescence charges or reserves therefor and amortization of intangibles, (b) all costs paid from the proceeds of taxes received by a Member Agency and (c) all interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of a Member Agency. For the avoidance of doubt, "Operation and Maintenance Costs" includes amounts payable for operation and maintenance under the Joint Exercise of Powers Agreement, but does not include payments made by a Member Agency under the Joint Exercise of Powers Agreement in respect of debt service on notes, bonds or other obligations issued by a Member Agency or the Recipient.

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

"Payment Date" means any date on which any Payment becomes due and payable.

"Policy" means the State Water Board's "Policy for Implementing the Clean 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 the Daly City Joint Powers Financing Authority. The Recipient bears the ultimate responsibility to ensure all of the obligations imposed upon the Recipient by this Agreement are carried out in accordance with the terms hereof. Nothing in this Agreement shall be construed to relieve, and no provision of any agreement or arrangement with any third party shall have the effect of relieving, the Recipient of this responsibility or to limit or excuse its liability for the breach of any duty herunder.

“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: (a) Member Agency Payments; (b) Member Agency Additional Payments; and (c) income and gains with respect to the investment of amounts on deposit in the JPFA Debt Service Fund. The term “Revenues” does not include amounts payable by the Members under the Member Financing Agreements with respect to any bonds, notes or other obligations of the Recipient other than the Obligation. For the avoidance of doubt, any administrative expenses required to be paid to the Recipient by the Members under the Joint Exercise of Powers Agreement are not Revenues.

“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.

“SRF” means the Clean Water State Revolving Fund.

“State” means State of California.

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

“Subsequent Member Financing Agreement” means any future agreement with an entity other than an existing Member Agency creating or evidencing such entity’s obligation to make payments to the Recipient representing any portion of the Payments or Additional Payments on the JPFA Obligation.

“System” means the City System and the District System, or either of them.

“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.

DALY CITY JOINT POWERS FINANCING AUTHORITY:

By:______________________________________
Name: [Officer]
Title: [Title1]

Date:____________________________________

CITY OF DALY CITY:

By: ______________________________________
Name: [Officer]
Title: [Title1]

Date: ____________________________________

NORTH SAN MATEO COUNTY SANITATION DISTRICT:

By: ______________________________________
Name: [Officer]
Title: [Title1]

Date: ____________________________________

STATE WATER RESOURCES CONTROL BOARD:

By:______________________________________
Name:
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 ________ years.

(c) Scope of Work.

to be inserted by DFA

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 Clean 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 reimbursement 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 Regional Water Board 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 Good Faith Efforts and Reports for SRF Projects.

The Recipient shall comply with the Disadvantaged Business Enterprises (DBE) requirements in 40 CFR § 33.301 for the Project and require its contractors and subcontractors on the Project to comply. 40 CFR § 33.301 requires the use of good faith efforts to utilize DBE's whenever procuring construction, equipment, services, and supplies. The Recipient must report 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.

A.2.3 Signage.

The Recipient shall comply with both sections A.2.3.1 and A.2.3.2 unless the Division approves an alternative method of satisfying the applicable signage requirements.

A.2.3.1 General Signage Requirements.

The Recipient shall implement one of the public awareness options provided in the United States Environmental Protection Agency's (USEPA) memorandum dated June 3, 2015, available at [Enhancing Public Awareness of SRF Assistance Agreements | US EPA]. If the Recipient chooses to post a physical sign, the Recipient shall comply with the requirements in sections A.2.3.1(a) through (d). If the Recipient chooses an alternative method of satisfying the requirements of the June 3, 2015 memorandum, such as online and social media publicity, then section A.2.3.1(a) shall not apply, but Recipient shall include the logos and statement specified in sections A.2.3.1(b) and (c) when implementing the alternative method. The Recipient shall inform the Project Manager of the chosen public awareness method and provide documentation if requested. Regardless of the method chosen for this section A.2.3.1, the Recipient shall also comply with the requirements of section A.2.3.2.

(a) If the Recipient chooses to post a physical sign to comply with the requirements of this section, 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.

(b) The sign shall include the following logos:

(c) The sign shall include the following statement:

"Funding for this $xx million [name of project] project has been provided in full or in part by the Clean Water State Revolving Fund through an agreement with the State Water Resources Control Board. California's Clean 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."

(d) The Project sign may include another agency's required promotional information so long as the above requirements are satisfied. The sign shall be prepared in a professional manner.

A.2.3.2 Bipartisan Infrastructure Law Signage.

The Recipient shall comply with the requirements below or with any modified requirements approved by the Division and by the USEPA.

(a) Investing in America Emblem: The Recipient shall ensure that a professionally prepared sign is placed at construction sites supported in whole or in part by this Agreement displaying the official Investing in America emblem and must identify the project as a "project funded by President Biden's Bipartisan Infrastructure Law." The sign must be placed at construction sites in an easily visible location that can be directly linked to the work taking place and must be maintained in good condition throughout the construction period. The Recipient shall ensure compliance with the guidelines and design specifications provided by the USEPA for using the official Investing in America emblem available at: https://www.epa.gov/invest/investing-america-signage.

(b) Logos. The Recipient shall include the USEPA, State Water Board, and CWSRF logos provided in section A.2.3.1(b) in addition to the official Investing in America emblem on the Bipartisan Infrastructure Law signage using the customizable sign template at the link provided in section A.2.3.2(a).

(c) Procuring Signs: Consistent with section 6002 of the Resource Conservation and Recovery Act, 42 U.S.C. 6962, and 2 CFR 200.323, Recipients are encouraged to use recycled or recovered materials when procuring signs. Signage costs are considered an eligible cost under this Agreement provided that the costs associated with signage are reasonable. Additionally, to increase public awareness of projects serving communities where English is not the predominant language, Recipients are encouraged to translate the language on signs (excluding the official Investing in America emblem or USEPA logo or seal) into the appropriate non-English language(s). The costs of such translation are eligible, provided the costs are reasonable.

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 Reimbursement Request Date
v. Records Retention End Date
vi. Final Payment Date

(d) The Recipient must award the prime construction contract timely.

(e) The Recipient agrees to start construction no later than [DFA will insert date that is within 6 months after execution of this Agreement].

(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 reimbursement request to the Division on or before the Final Reimbursement Request Date.

A.4 SCHEDULE.

Failure to provide items by the due dates indicated in the table below may constitute a material violation of this Agreement. The Project Manager may adjust the dates in the "Estimated Due Date" column of this table, but Critical Due Date adjustments will require an amendment to this Agreement. The Recipient must complete and submit all work in time to be approved by the Division prior to Project Completion. As applicable for specific submittals, the Recipient must plan adequate time to solicit, receive, and address comments prior to submitting the final submittal. The Recipient must submit the final reimbursement request prior to the Final Reimbursement Request Date set forth on the Cover Page.

[DFA will insert Schedule of Deliverables]

EXHIBIT B – FUNDING TERMS

B.1. FUNDING AMOUNTS AND REIMBURSEMENTS

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 Written Dollar Amount dollars and no cents ($Dollar Amount).

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:

[DFA will insert table]

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 budget approved through the Final Budget Approval process exceed the Project Funding Amount. Any increase in the Project Funding Amount will require an Agreement amendment.

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 reimbursement request is received by the Division no later than the Final Reimbursement Request Date. If the final reimbursement 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 Reimbursement Procedure.

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

- (a) Upon execution and delivery of this Agreement by both parties, the Recipient may request immediate reimbursement of any eligible incurred planning and design allowance costs through submission to the State Water Board of the Reimbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed. To be eligible for reimbursement, Project Costs, including any planning and design allowance costs, must have been incurred in compliance with all applicable requirements, including the state and federal cross-cutting requirements listed in Exhibit C.

- (b) The Recipient must submit a reimbursement 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 reimbursement requests may not be honored.

- (c) The Recipient may request reimbursement of eligible construction and equipment costs consistent with budget amounts approved by the Division in the Final Budget Approval.

(d) Additional Project Funds will be promptly disbursed to the Recipient upon receipt of reimbursement 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.

(e) The Recipient must not request reimbursement 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 reimbursement request. Supporting documentation (e.g., receipts) must be submitted with each reimbursement 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 reimbursement request. Reimbursement requests submitted without supporting documents may be wholly or partially withheld at the discretion of the Division.

(f) 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.

(g) The Recipient shall not request a reimbursement unless that Project Cost is allowable, reasonable, and allocable.

(h) 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.

(i) 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 or a Member Agency'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 taxes, assessments, fees, or charges levied for operation of the System or payment of debt service on any Member Obligation;
(c) Commencement of litigation or a judicial or administrative proceeding related to the Project, the System, the Recipient, any Member Agency, the Revenues, or any Member Agency Revenues that the State Water Board determines may impair the timely satisfaction of Recipient's obligations under this Agreement;
(d) Any investigation by the State Water Board, District Attorney, California State Auditor, Bureau of State Audits, the USEPA 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 financial management, accounting procedures, or internal fiscal controls of the Recipient or any Member Agency;
(e) A material adverse change in the condition of the Recipient, the Revenues, any Member Agency, any Member Agency Revenues, or any Member Agency's 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) Any material violation of, or threat to materially violate, any term of this Agreement by the Recipient or any Member Agency;

(g) Suspicion of fraud, forgery, embezzlement, theft, or any other misuse of public funds by the Recipient or any Member Agency, or their respective employees, or by their respective contractors or agents regarding the Project, the Revenues, any Member Agency's System, or any Member Agency Revenues;

(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.

B.1.9 Fraud and Misuse of Public Funds; Enforcement.

All requests for reimbursement 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; refer the matter for appropriate administrative action, including but not limited to the recovery of financial assistance provided and the imposition of civil penalties; and/or 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. A person who knowingly makes or causes to be made any false statement, material misrepresentation, or false certification in any submittal may be subject to a civil penalty, criminal fine, or imprisonment. (Wat. Code, § 13490 et seq.)

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

B.2.1 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 Written Dollar Amount dollars and no cents ($Dollar Amount).

B.2.2 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 Written Interest Rate % (X%) 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 Small Community Grant Fund Charge

B.2.3 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.2.4 [Reserved]

B.2.5 Obligation Absolute.

(a) The obligation of the Recipient to make the Payments and other payments required to be made by it under this Agreement, from the Revenues, is unconditional, and until such time as the Payments and Additional Payments have been paid in full from the Revenues, 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) The obligation of each Member Agency to make the Member Agency Payments and the Member Agency Additional Payments required by its Member Financing Agreement from its Member Agency Net Revenues, is absolute and unconditional, and until such time as the Member Agency Payments and Member Agency Additional Payments have been paid in full, the Member Agencies must not discontinue or suspend any Member Agency Payments or Member Agency Additional Payments required to be made under the Member Financing Agreements 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 Member Agency Payments and Member Agency Additional 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) Beginning one year after Completion of Construction, the Recipient must submit an annual Payment of the principal of the Project Funds, together with all interest accruing thereon. 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 a Member Agency under its Member Financing Agreement. 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 Member Agencies. In the event of failure, neglect or refusal of any officer of the Recipient to enforce the terms of any Member Financing Agreement, or to pay over to the State Water Board any money collected on account of any Member Financing Agreement 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 collection of amounts due under any Member Financing Agreement 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 Member Agency is obligated to make all payments to the Recipient as required by its Member Financing Agreement, notwithstanding any individual default by its constituents or others in the payment to the Member Agency of fees, charges, taxes, assessments, tolls or other charges ("Charges") levied or imposed by the Member Agency. The Member Agency must provide for the punctual payment to the Recipient of all amounts which become due under its Member Financing Agreement and which are received from constituents or others in the payment to the Member Agency. In the event of failure, neglect or refusal of any officer of the Member Agency to levy or cause to be levied any Charge to provide payment by the Member Agency under its Member Financing Agreement, to enforce or to collect such Charge, or to pay over to the Recipient any money collected on account of such Charge necessary to satisfy any amount due under its Member Financing Agreement, the State Water Board or the Recipient, or both, 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 Recipient. 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 or any Member Financing Agreement.

(f) 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 the Revenues and/or other amounts legally available to the Recipient therefor.

(g) As provided in Exhibit D, the Recipient shall require each Member Agency to transfer its allocable share of each Payment to the Recipient on or before the fifth business day prior to each Payment Date.

B.2.7 Pledged Revenues.

B.2.7.1 Establishment of JPFA Debt Service Fund and Reserve Fund.

In order to carry out its obligation to pay Payments and Additional Payments from the Revenues, the Recipient covenants that it shall establish and maintain or shall have established and maintained the JPFA Debt Service Fund. All Revenues received shall be deposited when and as received in trust in the JPFA Debt Service Fund. As required in this Exhibit, the Recipient must establish and maintain a Reserve Fund.

B.2.7.2 Pledge of Revenues and JPFA Debt Service Fund; Assignment of Rights.

(a) The JPFA Obligation hereunder shall be secured by a first and exclusive lien on and pledge of the JPFA Debt Service Fund and the Revenues. The Recipient hereby pledges and grants such lien on and pledge of the JPFA Debt Service Fund and the Revenues to secure the JPFA Obligation, including payment of Payments and Additional Payments hereunder. The JPFA Debt Service Fund and the Revenues in the JPFA Debt Service 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) The State Water Board shall be entitled to and, subject to the provisions hereof, take all steps, actions, and proceedings reasonably necessary in its judgment to enforce, either jointly with the Recipient or separately, all of the rights of the Recipient and all of the obligations of the Member Agencies under the Member Financing Agreements. The Recipient and the non-defaulting Member Agency shall, at the option of the State Water Board, join the State Water Board in any such enforcement steps, actions, or proceedings.

B.2.7.3 Application and Purpose of the JPFA Debt Service Fund.

Money on deposit in the JPFA Debt Service Fund shall be applied and used first, to all amounts constituting debt service on the JPFA Obligation that are due and payable; second, to pay all amounts that are due and payable by the Recipient under this Agreement that do not constitute debt service on the JPFA Obligation; and third, as provided in the following sentence. 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 JPFA Debt Service Fund for any lawful purpose of the Recipient or may allow such remaining money to act as a credit against Member Agency Payments and the Member Agency Additional Payments for the next Fiscal Year.

B.2.7.4 Establishment of Member Agency Enterprise Funds.

In order to carry out the Member Agency Obligations, each Member Agency covenants that it shall establish and maintain or shall have established and maintained a Member Agency Enterprise Fund. All Member Agency Revenues received shall be deposited when and as received in trust in the respective Member Agency Enterprise Fund.

B.2.7.5 Pledge of Member Agency Net Revenues; Assignment of Rights

In its Member Financing Agreement, each Member Agency shall pledge its respective Member Agency Net Revenues as security for its obligation to pay its respective Member Agency Payments on parity with its Member Agency Obligations, and shall also provide for payment of Member Agency Additional Payments; provided, however, that out of the Member Agency Net Revenues and other moneys there may be applied such sums for such purposes as are permitted under the Member Financing Agreement. The Member Agency Net Revenues shall be subject to the lien of such pledges without any physical delivery thereof or further act, and the liens of such pledges shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Member Agencies.

B.2.7.6 Application and Purpose of the Member Agency Enterprise Funds.

Subject to the provisions of any outstanding Member Agency Obligations, money on deposit in the Member Agency Enterprise Funds shall be applied and used first, to pay Operations and Maintenance Costs, and thereafter, all amounts due and payable with respect to the Member Agency Obligations (including the obligation to pay Member Agency Additional Payments) in order of priority. After making all payments described in the preceding sentence required to be made in each Fiscal Year, the Member Agencies may expend in such Fiscal Year any remaining money in their respective Member Agency Enterprise Funds for any lawful purpose of the Member Agencies.

B.2.8 No Prepayment.

Pursuant to State Water Board's Debt Management Policy, adopted on October 3, 2017, 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 JPFA Debt Service Fund, on the JPFA Obligation which is equal to one year's worth of Payments. 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 the JPFA Obligation, and its use is restricted to payment of the JPFA Obligation during the term of this Agreement.

B.3 RATES, FEES AND CHARGES.

(a) The Recipient shall, to the extent permitted by law and the terms of the Member Financing Agreements, collect Revenues from the Member Agencies during each Fiscal Year sufficient to cover 120% of all Payments and Additional Payments as required under this Agreement. Until the Reserve Fund is filled, the Recipient shall not reduce the amounts payable by the Member Agencies under the Member Financing Agreements. After the Reserve Fund is filled, the Recipient may reduce coverage to 110%.

(b) Each Member Agency shall covenant in its Member Financing Agreement, to the extent permitted by law, to fix, prescribe and collect rates, fees and charges for the Member Agency's System during each Fiscal Year which are reasonable, fair, and nondiscriminatory and which will be sufficient to generate Member Agency Revenues in the amounts necessary to cover the Member Agency's Member Agency Operations and Maintenance Costs, and to yield Member Agency Net Revenues that are equal to the sum of at least 120% of the Member Maximum Annual Debt Service with respect to its Member Financing Agreement and Member Agency Obligations for the respective Member Agency, except that coverage of at least 100% of the Member Maximum Annual Debt Service shall be deemed sufficient with respect to subordinate Member Agency Obligations, so long as Member Agency Obligations other than the Member Financing Agreement are outstanding with respect to such Member Agency. Upon defeasance of all Member Agency Obligations other than this Obligation, this ratio must be at least 120%, except where Member Agency Obligations are defeased pursuant to refunding Obligations. The State Water Board shall be named as a third party beneficiary to each Member Financing Agreement.

(c) Each Member Agency may make adjustments from time to time in such fees and charges and may make such classification thereof as each deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Member Agency Net Revenues from such reduced rates, fees, and charges will at all times be sufficient to meet the requirements of the Member Agency under Section B.3(b). Each Member Agency shall increase such rates, fees and charges whenever necessary to produce Member Agency Net Revenues for such Member Agency sufficient to meet the requirements of Section B.3(b).

(d) Upon consideration of a voter initiative to reduce any Member Agency Net Revenues, the Member Agency to be affected must make a finding regarding the effect of such a reduction on the Member Agency's ability to satisfy the rate covenant set forth in this Section. The Member Agency must make its findings available to the public. The relevant Member Agency Authorized Representative must request, if necessary, the authorization of the Member Agency'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, the Member Agency's ability to operate and maintain the Project for its Useful Life, and/or the Recipient's ability to ensure that the Project is operated and maintained for its Useful Life. The Member Agency must diligently pursue and bear any and all costs related to such challenge. The Member Agency must notify and regularly update the State Water Board regarding the status of any such challenge.

B.4 ADDITIONAL DEBT.

(a) The Recipient shall not incur additional obligations on parity with or senior to or subordinate to this JPFA Obligation, for so long as this Obligation is outstanding.

(b) Throughout the term of this Agreement, Member Agencies may not incur Additional Member Agency Obligations except in accordance with the terms of this section B.4.

(c) The Member Agencies' future debt that is secured by any Member Agency Revenues pledged under its Member Financing Agreement may not be senior to its obligations under such Member Financing Agreement.

(d) A Member Agency may issue additional parity or subordinate debt only if all of the following conditions are met:

i. The Member Agency Net Revenues of such Member Agency in the most recent Fiscal Year, excluding transfers from a rate stabilization fund, if any, meet the ratio for rate covenants set forth in Section B.3(b) above;
ii. The Member Agency is not in default on any Member Agency Obligation;
iii. The conditions established in Section D.1 below are met;
iv. No Event of Default (or no event with respect to which notice has been given and which, once all notice of grace periods have passed, would constitute an Event of Default) has occurred and is continuing; and
v. The Recipient is in compliance with any reserve fund requirement of the Obligation.

B.5 NO LIENS.

(a) The Recipient must not create, or permit the creation of, any pledge, lien, charge, or other encumbrance upom the Revenues and other assets pledged or assigned under this Agreement while this Obligation is outstanding, except the pledge and assignment created by this Agreement.

(b) The Member Agencies must not make any pledge of or place any lien on the Project, System, or any Member Agency 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 and Member Agencies have 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 and Member Agencies agree to comply with all terms, provisions, conditions, and commitments of this Agreement, including all incorporated documents.

The Recipient and Member Agencies agree 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 and each Member Agency. Upon execution by all parties, this Agreement constitutes a valid and binding obligation of the Recipient and the Member Agencies, enforceable in accordance with its terms, except as such enforcement may be limited by law.

C.1.3 No Violations.

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

C.1.4 No Litigation.

There are, as of the date of execution of this Agreement by the Recipient and the Member Agencies, no pending or, to the knowledge of Recipient or any Member Agency, 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 Project, any Member Agency, and/or any Member Agency Revenues.

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.

The Recipient and/or Member Agencies, as the case may be, own or have 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.

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 or or any Member Agency. The Recipient and each Member Agency is solvent and will not be rendered insolvent by the transactions contemplated by this Agreement. The Recipient and each Member Agency is able to pay its debts as they become due. The Recipient and Member Agencies maintains sufficient insurance coverage considering the scope of this Agreement, including, by way of 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 and each Member Agency is duly organized and existing and in good standing under the laws of the State of California. Recipient and the Member Agencies must at all times maintain their current legal existence and preserve and keep in full force and effect its legal rights and authority. The Recipient and each Member Agency 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 and the Member Agencies have not failed to demonstrate compliance with state or federal audit disallowances.

C.1.8 Financial Statements and Continuing Disclosure.

The financial statements of Recipient and the Member Agencies 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 the Member Agaencies; 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 or any Member Agency, 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 or a Member Agency and approved in writing by the State Water Board.

The Recipient and the Member Agencies are current in their continuing disclosure obligations associated with their material debt, if any.

C.1.9 [Reserved.]

C.1.10 No Other Material Debt.

(a) The Recipient has no material obligations.

(b) The City has no material obligation other than those defined in this Agreement as “City Parity Obligation”.

(c) The District has no material obligation other than those defined in this Agreement as “District Parity Obligation”.

C.1.11 Compliance with State Water Board Funding Agreements.

Each of the Recipient and the Member Agencies 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 and, where applicable, the Member Agencies 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;
iv. pay any Additional Payments; and
v. pay any Member Agency Additional Payments.

C.2.2 Cross-Defaults.

Default of any of the Recipient or a Member Agency under this Agreement shall, at the option of the State Water Board, constitute a cross-default under any or all other ageements between the State Water Board and the Recipient and the State Water Board and each Member Agency, without regard to which entity – Recipient or Member Agency – is deemed to have been in default.

C.2.3 Administrative remedies.

Whenever the State Water Board determines that the Recipient or any Member Agency, or any contractor, consultant, employee, agent, assignee, or grantee of the Recipient or any Member Agency, has violated any requirement or term of the Agreement, the State Water Board may impose civil penalties in accordance with Water Code, section 13497. The State Water Board may impose civil liability administratively against the Recipient or any Member Agency, or against any consultant or contractor or other agent of the Recipient or any Member Agency furnishing any information related to funds disbursed or costs claimed for reimbursement if such consultant or contractor or other agent fails to personally attest that the information is true, accurate, and complete the best of one’s knowledge. (Wat. Code, § 13498.) The State Water Board may impose civil liability administratively against any person who makes a misrepresentation in any submittal to the State Water Board, including, but not limited to, an application, report, certification, record, invoice, form, or other document that is submitted to the State Water Board relating to a financial assistance agreement. (Wat. Code, § 13499.)

C.2.4 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 or any Member Agency to account for amounts relating to this Agreement as if the Recipient or such Member Agency were the trustee of an express trust;

ii. by mandamus or other proceeding, compel the performance by the Recipient or any Member Agencies, and any of their 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 and the Member Agencies under this Agreement.

C.2.5 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.2.6 Damages for Breach of Tax-Exempt Status.

In the event that any breach of any of the provisions of this Agreement by the Recipient or any Member Agency 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 or Member Agency 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 Damages for Breach of Federal Conditions.

In the event that any breach of any of the provisions of this Agreement by the Recipient or any Member Agency 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 or Member Agency 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.2.8 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 or any Member Agency is limited to the rights and remedies provided to the Recipient and Member Agencies under this Agreement and is subject to the claims procedures provided to the Recipient and Member Agencies under this Agreement.

C.2.9 Non-Waiver.

Nothing in this Agreement shall affect or impair the Obligation to pay Payments from Revenues 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.

Except as set forth in this Agreement, 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.2.10 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 and Member Agencies 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 and each Member Agency acknowledge 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, reimbursement requests, and supporting documentation submitted hereunder.

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

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

(b) The Recipient and Member Agencies must comply with federal standards for financial management systems. The Recipient and each Member Agency 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 and Member Agencies must comply with the provisions and requirements of the federal Single Audit Act (SAA) of 1984, 2 CFR part 200, subpart F, and 2 CFR section 200.302, and updates or revisions thereto, including but not limited to:

- Maintain an annual (Fiscal Year) accounting system and identify all expenditures of federal financial assistance;
- Conduct a SAA audit using an independent auditor in those Fiscal Years when expenditures of total federal financial assistance equal or exceed $750,000, and submit the SAA audit to the Federal Audit Clearinghouse within the earlier of thirty (30) calendar days after receipt of the auditor’s report(s) or nine (9) months of the end of the audit period;
- Notify the Division when a SAA audit has been conducted and submitted to the Federal Audit Clearinghouse;
- Notify and provide the Division with a copy of the SAA audit within thirty (30) days of completion of the audit;

- Inform the Division of findings and recommendations pertaining to federal financial assistance provided through the State Water Board contained in SAA audits conducted by the Recipient and Member Agencies;
- Initiate corrective actions for audit reports with findings and recommendations that impact federal financial assistance provided through the State Water Board and notify the Division when corrective actions are complete.

(c) Without limitation of the requirement to maintain Project accounts in accordance with GAAP, the Recipient and Member Agencies 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 or any Member Agency 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 and Member Agencies must maintain separate books, records and other material relative to the Project. The Recipient and each Member Agency 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 and Member Agencies 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 USEPA, the USEPA's Office of Inspector General, the Internal Revenue Service, the Governor, or any authorized representatives of the aforementioned. The Recipient and Member Agencies must allow and must require their contractors to allow interviews during normal business hours of any employees who might reasonably have information related to such records. The Recipient and Member Agencies agree 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 the Recipient, all Member Agencies, 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 or any Member Agency, 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 Member Agencies 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 and Member Agencies must not authorize construction to begin until each contractor has furnished a performance bond in favor of the Recipient or Member Agency 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 and the Member Agencies 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 and Member Agencies 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 and Member Agencies 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

(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 and each Member Agency 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 and each Member Agency 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 and Member Agencies agree that, except as provided in this Agreement, they 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 and Member Agencies 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. A Member Agency must address its disputes to the Recipient and may not appeal directy to the Deputy Director or the State Water Board for disputes related to this Agreement.

(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 and the Member Agencies 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.3.15 Environmental Clearance.

(a) No work that is subject to CEQA or NEPA may proceed under this Agreement unless the State Water Board has provided environmental clearance. 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 and the Member Agencies 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 and the Member Agencies must fully mitigate environmental impacts resulting from the modification. The Recipient and the Member Agencies 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 and each Member Agency 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 or any Member Agency of its responsibility to properly plan, design, construct, operate, and maintain the Project. To the extent permitted by law, the Recipient and the Member Agencies agree 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 or any Member Agency 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 and the Member Agencies must also provide for the defense and indemnification of the Indemnified Persons in any contractual provision extending indemnity to the Recipient or any Member Agency 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 or any Member Agency in any contract or subcontract. To the fullest extent permitted by law, the Recipient and the Member Agencies agree 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 the Member Agencies, and their respective 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 and each Member Agency covenants and agrees that it will comply with the Tax Covenants set forth in Exhibit F of this Agreement.

(b) The Recipient and each Member Agency covenants to furnish such financial, operating and other data 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).

(c) The Recipient and each Member Agency 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 or Member Agency's continuing disclosure undertaking or undertakings made in connection with any outstanding Member Agency Obligation, (ii) the terms of any outstanding Member Agency Obligation, or (iii) a voluntary disclosure of information related to any outstanding any Member Agency Obligation. The Recipient and the Member Agencies 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 and the Member Agencies 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 and/or any Member Agency retains ownership or possession of the Project.

(b) If Project Funds are used to acquire or improve real property, the Recipient and the Member Agencies 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 and the Member Agencies 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 and each Member Agency's obligations under this section shall survive the term of this Agreement.

(e) During the performance of this Agreement, Recipient and the Member Agencies, and their respective 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 and the Member Agencies, and their respective 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 and the Member Agencies, and their respective 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 and the Member Agencies, and their respective 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 and the Member Agencies, and their respective 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 and the Member Agencies 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 [PM email address and senior email address] and CleanWaterSRF@waterboards.ca.gov of:
   i. The seizure of, or levy on, any Revenues or Member Agency Revenues securing this Agreement;
   ii. Any discovery of any potential tribal cultural resource, archaeological or historical resource, or humans remains in the Project area (also notify the Division's Senior Cultural Resources Officer, Lisa.Machado@waterboards.ca.gov or (916) 323-0626). Should a potential tribal cultural resource 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 and ensure the implementation of appropriate actions as directed by the Division. If there are any applicable provisions of a mitigation, monitoring and reporting program adopted for the Project, the Recipient shall comply with and ensure compliance with such provisions. In the event of the discovery of human remains during construction of the Project, the Recipient shall cease construction and take other action required by any applicable laws, which may include but are not limited to Health and Safety Code, section 7050.5 and Public Resources Code, section 5097.98.

(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 [PM email address and senior email address] and CleanWaterSRF@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 any 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, any Member Agency 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 Member Agency Obligation by any Member Agency; or
xi. A default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a Member Agency Obligation, 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 [PM email address and senior email address] and CleanWaterSRF@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 or any Member Agency's technical, managerial or financial capacity to operate the System or the Recipient's or any Member Agency's continued existence, or any judgment or court order relating to such litigation that has a significant effect on the Project or the System;
v. Circulation of a petition to repeal, reduce, or otherwise challenge any Member Agency's rates for services of a System;

vi. Consideration of dissolution, or disincorporation, or any other event that could materially impair the Revenues or any Member Agency 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 any Member Agency Obligation;
ix. Enforcement actions by or brought on behalf of the State Water Board or Regional Water Board; or
x. Any investigation by the District Attorney, California State Auditor, Bureau of State Audits, USEPA'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 any Member Agency'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 [PM email address and senior email address] and CleanWaterSRF@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 reimbursement made pursuant to this Agreement, by the Recipient or any Member Agency, or their respective, 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 and federal 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 USEPA funds under this Project, as required by Exhibit C.4.3(xxvii);
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 and each Member Agency 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 and each Member Agency 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 and/or the relevant Member Agency 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 and/or the relevant Member Agency 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 and/or the relevant Member Agency to pay all remaining unpaid principal portions of the Payments, if any, in accordance with the terms of this Agreement, the Recipient and/or the relevant Member Agency must provide additional funds to restore or replace the damaged portions of the System.

Recipient and each Member Agency agree that for any policy of insurance concerning or covering the construction of the Project, they will cause, and will require their 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 and the Member Agencies 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 and the Member Agencies must not contract or allow subcontracting with excluded parties. The Recipient and the Member Agencies 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 and the Member Agencies 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 and each Member Agency 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 and each Member Agency agrees to be bound by all applicable provisions of State Labor Code regarding prevailing wages. The Recipient and each Member Agency 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 and each Member Agency 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 or any Member Agency contracts must not have any role or relationship with the Recipient or any Member Agency, that, in effect, substantially limits the Recipient's or any Member Agency'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 and each Member Agency 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 and each Member Agency 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/or any Member Agency and any other entity concerning responsibility for performance of work.

C.3.32 Related Litigation.

Under no circumstances may the Recipient or any Member Agency use funds from any reimbursement under this Agreement to pay costs associated with any litigation the Recipient or any Member Agency 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 and/or Member Agencies do not complete the project.

C.3.33 Rights in Data.

The Recipient and each Member Agency agree 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 or any Member Agency may copyright the same, except that, as to any work which is copyrighted by the Recipient or any Member Agency, 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 or any Member Agency 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 or any Member Agency, 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 Reserved.

C.4.2 State Cross-Cutters.

Recipient and each Member Agency represents that, as applicable, it complies and covenants to maintain compliance with the following with respect to all Project Costs for the term of this 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.

xi. The Recipient and each Member Agency agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with directives or orders issued pursuant to Division 7 of the Water Code.

xii. Regulations in Division 4 of Title 22 of the California Code of Regulations, including but not limited to California Waterworks Standards in Chapter 16, and Lead and Copper regulations in Chapter 17.5.

C.4.3 Federal Requirements and Cross-Cutters for SRF Funding.

The Recipient and each Member Agency acknowledges, warrants compliance with, and covenants to continuing compliance with the following federal terms and conditions with respect to all Project Costs for the term of this Agreement and 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 and the Member Agencies 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 and each Member Agency 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 and the Member Agencies acknowledge that funds received under this Agreement are subject to the Build America Buy America (BABA) requirements of Public Law 117-58 (the Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law (BIL), signed into law on November 15, 2021), which are in addition to "iron and steel products" requirements described in section C.4.3 (i) above. Specifically, unless (1) the Recipient has requested and obtained a waiver from USEPA on file with the State Water Board pertaining to the Project or the Project is otherwise covered by a general applicability waiver, as confirmed in writing by the State Water Board; or (2) the State Water Board and, to the extent the Project is co-funded by any other agency using federal funds subject to BABA requirements, each such agency, has advised the Recipient in writing that the BABA requirements are not applicable to the Project, the Recipient and each Member Agency shall ensure and certify that, as these terms are defined within and made applicable by Public Law 117-58:

(a) all iron and steel used in the Project are produced in the United States;
(b) the manufactured products used in the Project are produced in the United States; and
(c) the construction materials used in the Project are produced in the United States.

The Recipient and the Member Agencies must comply and require their contractors and subcontractors to comply with all applicable BABA requirements and reporting and must inform the State Water Board immediately of any information regarding a violation of the foregoing.

iii. The Recipient and the Member Agencies 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.

iv. The Recipient and the Member Agencies must comply with the signage requirements set forth in Exhibit A.

v. 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.

vi. The Recipient and the Member Agencies shall comply with applicable USEPA general terms and conditions found at https://www.epa.gov/grants/epa-general-terms-and-conditions-effective-october-1-2022-or-later.

vii. No Recipient may receive funding under this Agreement unless it has provided its Unique Entity Identifier, assigned by the System for Award management, to the State Water Board.

viii. The Recipient and each Member Agency 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 or any Member Agency 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 or Member Agency's exclusion in any request for amendment of this Agreement. The Recipient and the Member Agencies 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 and the Member Agencies 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.

ix. To the extent applicable, the Recipient and the Member Agencies 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.

x. 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.

xi. 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 and/or the Member Agencies. The Recipient and the Member Agencies 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.

xii. The Recipient and each Member Agency 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.

xiii. The Recipient and each Member Agency 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.

xiv. The Recipient and the Member Agencies, and their employees, contractors and subcontractors and their respective employees, warrant that they 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 and the Member Agencies must include this provision in their contracts and subcontracts under this Agreement. The Recipient and the Member Agencies must inform the State Water Board immediately of any information regarding a violation of the foregoing. The Recipient and each Member Agency understands that failure to comply with this provision may subject the State Water Board to loss of federal funds. The Recipient and each Member Agency 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.

xv. The Recipient and each Member Agency 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 or any Member Agency, 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 and the Member Agencies shall require this certification from all parties to any contract or agreement that the Recipient or any Member Agency enters into and under which the Recipient incurs costs for which it seeks reimbursements under this Agreement.

xvi. The Recipient and the Member Agencies 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.

xvii. If the Project relates to construction of a publicly owned treatment works, where the Recipient or any Member Agency contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services, the Recipient and the Member Agencies 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.

xviii. If the Project relates to construction of a publicly owned treatment works, the Recipient and the Member Agencies certify that they has developed and are implementing a fiscal sustainability plan for the Project, except as set forth in Exhibit D, 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 and the Member Agencies have 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.

xix. Executive Order No. 11246. The Recipient and the Member Agencies shall include in their 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."

xx. The Recipient and each Member Agency agrees to comply with the requirements of USEPA's Program for Utilization of Small, Minority and Women's Business Enterprises.

xxi. 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 and the Member Agencies may not procure goods, services, or materials from suppliers excluded under the federal System for Award Management: sam.gov

xxii. Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended; 42 USC §§4601-4655. The Recipient and the Member Agencies must comply with the Act's implementing regulations at 49 CFR 24.101 through 24.105.

xxiii. The Recipient and each Member Agency 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.

xxiv. 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.

xxv. 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.

xxvi. 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.

xxvii. The Recipient agrees to immediately notify the Project Manager in writing about any allegation of research misconduct involving research activities that are supported in whole or in part with USEPA 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.

xxviii. The Recipient and the Member Agencies agree to comply with, and require all contractors and subcontractors to comply with, USEPA'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 and the Member Agencies 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 USEPA's Scientific Integrity Policy. The Recipient and the Member Agencies must refrain from acts of research misconduct, including publication or reporting, as described in USEPA'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.

xxix. The Recipient and the Member Agencies agree to comply with the Animal Welfare Act of 1966 (7 USC 2131-2156). Recipient and the Member Agencies also agree 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.

xxx. The Recipient and the Member Agencies certify that no Project Funds will be used on:

a. Video surveillance or telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities), telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities);
b. Telecommunications or video surveillance services produced by such entities;

c. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country; or
d. Other telecommunications or video surveillance services or equipment in violation of [2 CFR 200.216](2 CFR 200.216).

xxxi. The Recipient and the Member Agencies agree to comply with all Environmental Cross-Cutters:

a. Archeological and Historic Preservation Act (54 U.S.C. §§ 312501-312508)
b. Bald and Golden Eagle Protection Act (16 U.S.C. §§ 668-668c)
c. Clean Air Act (42 U.S.C. § 7401)
d. Coastal Barriers Resources Act (16 U.S.C. § 3501 et seq.)
e. Coastal Zone Management Act (16 U.S.C. § 1451 et seq.)
f. Endangered Species Act (16 U.S.C. § 1531 et seq.)
g. Environmental Justice (Executive Order 12898)
h. Farmland Protection Policy Act (7 U.S.C. § 4201 et seq.)
i. Fish and Wildlife Coordination Act (16 U.S.C. § *661 et seq.*)
j. Floodplain Management (Executive Order 11988, as amended by Executive Orders 12148 and 13690)
k. Historic Sites Act (54U.S.C. § 320101 et seq.)
l. Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. § 1801 et seq.)
m. Marine Mammal Protection Act (16 U.S.C. § 1361 et seq.)
n. Migratory Bird Treaty Act (16 U.S.C. § 703 et seq.)
o. National Historic Preservation Act (54 U.S.C. §§ 300101 et seq.)
p. Protection of Wetlands (Executive Order 11990 (1977), as amended by Executive Order 12608 (1997))
q. Rivers and Harbors Act (33 U.S.C. § 403 et seq.)
r. Safe Drinking Water Act (42 U.S.C. § 300f et seq.)
s. Wild and Scenic Rivers Act (16 U.S.C. § 1271 et seq.)
t. Wilderness Act (16 U.S.C. § 1131 et seq.)

EXHIBIT D – SPECIAL CONDITIONS

D.1. Member Financing Agreements.

As a condition precedent to this Agreement, the Recipient shall enter into a Member Financing Agreement with each Member Agency, providing for the collection of the Revenues from the Member Agencies. In addition to any other terms required elsewhere in this Agreement to be included in the Member Financing Agreements, the Member Financing Agreements shall bind each Member Agency to the following terms and conditions:

D.1.1. State Water Board's Right to Enforce the Member Financing Agreements.

The State Water Board shall be named as a third party beneficiary to each Member Financing Agreement, and shall be entitled to take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Recipient and each Member Agency, or separately, all of the rights of the Recipient and all of the obligations of the Member Agencies under the Member Financing

Agreements. The State Water Board may pursue all remedies provided to it in this Agreement or otherwise available at law or in equity to enforce its interest in the Member Financing Agreements.

D.1.2. Prohibition on Additional JPA Members and Member Financing Agreements Except With Consent of the Division.

The Recipient shall not take any of the following actions without the written consent of the Division: (i) add additional members to the Joint Exercise of Powers Agreement, (ii) enter into any Subsequent Member Financing Agreement, or (iii) amend the payment terms of any Member Financing Agreement.

D.1.3. Payment Timing.

On or before the fifth business day preceding each Payment Date, each Member Agency shall, from the Member Agency Net Revenues, transfer to the Recipient the full amount of the Member Agency Payment due and owing for such Payment. Thereafter, subject to the priority of payments established under its Member Financing Agreement and the Issuing Instruments for its outstanding Member Agency Parity Obligations, each Member Agency shall, from the Member Agency Net Revenues, transfer to the Recipient the full amount of the Member Agency Additional Payments due and owing for such Payment.

D.1.4. Rule of Construction

The requirements of this Section D.1 are in addition to any requirements imposed on the Member Financing Agreements elsewhere in this Agreement. If any term in this Section shall be found to be inconsistent with any requirement established elsewhere in this Agreement, each term shall be held as applicable to the greatest extent possible. If any term in this Section shall be found to be in conflict with any requirement established elsewhere in this Agreement, the term given in this Exhibit D shall control.

D.2. Defeasance of City Parity Obligation.

It is the expectation of the parties that the City Parity Obligation wil be fully defeased by _____________. Prior to the execution of this Agreement, the parties shall cause the City Parity Obligation to be fully defeased. In the event that the City Parity Obligaiton is not fully defeased prior to execution, no construction funds shall be disbursed until the City Parity Obligation has been fully defeased. If they don't, the agreement is void.

Options:
-condition precedent of execution of agreement – automatic void if not
-do it before disbursement; upon defeasance, all of their definitions are replaced
-cover email: assume the bonds get defeased; not list City Parity Obligation; expectation we wont execute until defeased; won't use defs because conflict in terms; drop coverage to 120 – make clear to them that our definitions are in the agmt; havne't looked closely at defs, it's our undertsanding bonds will defease; ISA uses our terms – if you need to modify the MFA defs in order to comply, do that. Comment in MFA re: definitions.
-Since MFA will need to be attached to the ISA, probably strike out the defs and say defined terms have meaning they have in ISA. All based on understanding they have defeased and in interest of time. [Give Chris a heads up if they are going under separate cover. Markups on ISA/MFA will assume the docs don't rely on bond definitions because bonds will defease.]

D.3. Executive Order N-6-22 — Russian Sanctions.

On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. "Economic Sanctions" refers to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State Water Board determine Recipient is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this Agreement. The State Water Board shall provide Recipient advance written notice of such termination, allowing Recipient at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State Water Board.

The Recipient and each Member Agency represents that the Recipient and the Member Agencies are not a target of economic sanctions imposed in response to Russia's actions in Ukraine imposed by the United States government or the State of California. The Recipient is required to comply with the economic sanctions imposed in response to Russia's actions in Ukraine, including with respect to, but not limited to, the federal executive orders identified in California Executive Order N-6-22, located at https://www.gov.ca.gov/wp-content/uploads/2022/03/3.4.22-Russia-Ukraine-Executive-Order.pdf and the sanctions identified on the United States Department of the Treasury website (https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions). The Recipient is required to comply with all applicable reporting requirements regarding compliance with the economic sanctions, including, but not limited to, those reporting requirements set forth in California Executive Order N-6-22 for all Recipients with one or more agreements with the State of California with an aggregated value of Five Million Dollars ($5,000,000) or more. Notwithstanding any other provision in this Agreement, failure to comply with the economic sanctions and all applicable reporting requirements may result in termination of this Agreement.

For Recipients with an aggregated agreement value of Five Million Dollars ($5,000,000) or more with the State of California, reporting requirements include, but are not limited to, information related to steps taken in response to Russia's actions in Ukraine, including but not limited to:

1. Desisting from making any new investments or engaging in financial transactions with Russian institutions or companies that are headquartered or have their principal place of business in Russia;

2. Not transferring technology to Russia or companies that are headquartered or have their principal place of business in Russia; and

3. Direct support to the government and people of Ukraine.

[environmental]

EXHIBIT E – PAYMENT SCHEDULE

See the attached preliminary Payment Schedule. 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 and Member Agencies 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. To the extent that any Member Agency uses the Project or the Bond Funded Portion of the Project Funds or acts on behalf of or in place of the Recipient with respect to the Project or the Bond Funded Portion of the Project Funds, such Member Agency adopts all representations, covenants, and commitments required of the Recipient by this Exhibit F as its own.

F.2 Tax Covenant.

The Recipient and Member Agencies agree that they 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 their 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 capital expenditures it has incurred or will incur for the construction, reconstruction, installation or acquisition of the Project in accordance with the terms of this Agreement. Such expenditures shall not have previously been financed with the proceeds of any other issue of indebtedness except for interim financing by the Recipient, the date of maturity, prepayment or redemption of which is within thirty (30) days of the date of disbursement of Project Funds under this Agreement. All Project Funds shall be allocated to expenditures by the Recipient within thirty (30) days of the date of disbursement, including (if at all) Project Funds allocated to repay interim financing of the Recipient. For purposes of this Section F.4, "interim financing" means notes, commercial paper, loans, lines of credit and other forms of short-term borrowing.

F.5 Ownership and Operation of Project.

The Recipient and the Member Agencies exclusively own and, except as provided in Section F.12 hereof, operate 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 of 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, 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, Member Agency Payments, 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 and 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, including the Security Deposit addressed in Section 3 of the Member Financing Agreement, 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 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.25 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.26 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).

FINANCING AGREEMENT

Relating to

Construction Loan Agreement
Agreement No. ________
Project No. _________

This FINANCING AGREEMENT (this "Agreement"), dated as of _____, 20__, is between DALY CITY JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the NORTH SAN MATEO COUNTY SANITATION DISTRICT , a county sanitation district and subsidiary district of the City established under the laws of the State of California (the "District").

B A C K G R O U N D :

A. The District and the City of Daly City (the "City") desire to finance the costs of acquiring, constructing and/or reconstructing certain public facilities and improvements to maintain and enhance water quality, manage non-point source pollution, protect drinking water sources, and manage related impacts to City, District and regional water and wastewater systems including certain treatment facilities, pipelines and other infrastructure, which project is commonly referred to as the Vista Grande Drainage Basin Improvement Project (the "Project").

B. The City and the District are parties to a Joint Exercise of Powers Agreement, dated as of March 1, 2021 (the "Joint Powers Agreement"), pursuant to which the Authority was established as a joint exercise of powers authority under the Joint Exercise of Powers Act (Government Code §6500 et seq.) (the "Joint Powers Law") for the purpose of providing assistance to the City and the Sanitation District with their financing programs, including the financing of the Project, and for any other financing purposes authorized under Article 4 of the Joint Powers Law and other applicable law.

C. The Joint Powers Agreement provides for agreements between the Authority and the Members (as defined in the Joint Powers Agreement) pursuant to which the Members would be obligated to pay their share of the debt service on bonds and other obligations of the Authority.

D. The Members have asked the Authority to assist them with obtaining financial assistance from the State Water Resources Control Board (the "State Water Board") pursuant to Section 13475 et seq. of the California Water Code, and the State Water Board, the Authority and the Members are concurrently entering into a Construction

Loan Agreement dated ____, 20__ (the “Construction Loan Agreement”) for the purpose of financing the Project.

E. The Authority is authorized to enter into the Construction Loan Agreement under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Bond Law”).

F. The Members are authorized to enter into the Construction Loan Agreement and this Agreement pursuant to California Government Code Section 6504.

G. The Construction Loan Agreement requires each Member to execute and deliver a Financing Agreement to evidence the Member’s obligation to make its Member Agency Payments and Member Agency Additional Payments, as those terms are defined in the Construction Loan Agreement, and to secure its obligation to pay its Member Agency Payments with its Member Agency Revenues (as defined in the Construction Loan Agreement). Neither Member is obligated by the Construction Loan Agreement to make any payment that is not set forth in its Financing Agreement, and neither Member is borrowing any money from the State Water Board under the Construction Loan Agreement.

H. The Construction Loan Agreement requires the State Water Board to be a third-party beneficiary of each Financing Agreement, with the authority to pursue any and all remedies available, whether at law or in equity, in order to enforce its interests under the Financing Agreement.

I. Section B.2.5(c) of the Construction Loan Agreement provides that in the event that a Member fails to make the Member Agency Payments or the Member Agency Additional Payments required by its respective Financing Agreement (such Member Agency, the “Defaulting Member”), the other Member (the "Non-Defaulting Member") shall have no obligation to pay such amounts and neither the Defaulting Member, the Authority, nor the State Water Board shall have any right to compel the Non-Defaulting Member to pay such amounts.

J. The Authority and the District wish to enter into this Agreement in order to implement the existing provisions of the Joint Powers Agreement with respect to the Construction Loan Agreement.

K. In its Resolution No. 22-SD-13 adopted on November 28, 2022, the District declared its intention to reimburse expenditures for capital costs of the Project from the proceeds of tax-exempt debt to be issued in the maximum principal amount of $130,000,000.

A G R E E M E N T :

In consideration of the foregoing and the material covenants hereinafter contained, the District and the Authority formally agree as follows:

Section 1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the terms defined in the recitals above and in Appendix A hereto have the respective meanings given those terms when used in this Agreement. Capitalized terms which are defined in the Joint Powers Agreement and which are not otherwise defined herein shall have the respective meanings given those terms in the Joint Powers Agreement or the Construction Loan Agreement.

Section 2. Member Agency Payments; Member Agency Additional Payments. The Authority and the District hereby agree that the District is obligated to pay the Member Agency Payments and Member Agency Additional Payments, as set forth herein.

Section 3. Member Agency Payments; Prepayment; Security Deposit.

(a) Payment Dates and Amounts. The District shall pay the Member Agency Payments to the Authority in in the amounts and at the times set forth in Appendix B. Appendix B is a schedule of the Member Agency Payments based on Exhibit E of the Construction Loan Agreement and an estimated reimbursement schedule. Actual payments will be based on actual reimbursements. The District and the Authority shall amend Exhibit B as required to conform to amendments by the Authority and the State Water Board to Exhibit E of the Construction Loan Agreement.

(b) Optional Prepayment. The District may exercise its option to prepay the principal components of the Member Agency Payments in whole or in part on any date on which the Authority's principal obligation under the Construction Loan Agreement is subject to optional prepayment under the Construction Loan Agreement. Such option shall be exercised by payment of a prepayment price equal to the sum of (a) the aggregate principal components of the Member Agency Payments to be prepaid and (b) the interest component of the Member Agency Payments required to be paid on or accrued to such date. The District shall prepay the Member Agency Payments on the same dates as the Authority's optional prepayments under the Construction Loan Agreement and shall not optionally prepay the Member Agency Payments at any other time.

(c) Security Deposit. Notwithstanding any other provision hereof, the District may on any date secure the payment of Member Agency Payments, in whole or in part, by irrevocably depositing with the Authority an amount of cash which, together with other available amounts, is either (i) sufficient to pay all such Member Agency Payments, including the principal and interest components thereof, when due as set forth in Appendix B or when due on any optional prepayment date under the preceding subsection (b), or (ii) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an Independent Accountant (which opinion is addressed and delivered to the Authority and the State Water Board), together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such Member Agency Payments when due as set forth in Appendix B or when due on any optional prepayment date under the preceding subsection (b), as the District instructs at the time of said deposit.

If the District posts a security deposit under this Section 3 for the payment of all remaining Member Agency Payments, all obligations of the District hereunder, and the pledge of Net Revenues and all other security provided by this Agreement for said obligations, will cease and terminate, excepting only the obligation of the District to make, or cause to be made, all Member Agency Payments from such security deposit. Said security deposit constitutes a special fund for the payment of such Member Agency Payments in accordance with the provisions hereof.

Section 4. Pledge of Net Revenues; Application of Revenues.

(a) Pledge of Net Revenues. All Net Revenues are hereby irrevocably pledged to the payment of the Member Agency Payments as provided herein; provided, however, that out of the Net Revenues and other moneys there may be applied such sums for such purposes as are permitted hereunder. This pledge shall constitute a pledge of and charge and lien upon the Net Revenues, which pledge and lien upon the Net Revenues is on a parity with any pledge and lien of Parity Obligations, and all other moneys on deposit in the funds and accounts established hereunder for the payment of the Member Agency Payments in accordance with the terms hereof and thereof.

(b) Sewer Fund; Application of Revenues. In order to carry out and effectuate the pledge, charge and lien contained herein, the District agrees and covenants that all Revenues received by it shall be deposited when and as received in the District of Daly City Sewer Fund which fund the District agrees and covenants to maintain so long as the Member Agency Payments are unpaid, and all money on deposit in the Sewer Fund shall be applied and used only as provided below, and shall be accounted for separate and apart from all other moneys, funds or other resources of the District. The District may, to the extent provided in Section 12, transfer amounts in the Sewer Fund to the Rate Stabilization Fund or from the Rate Stabilization Fund to the Sewer Fund.

Money in the Sewer Fund, after paying as they become due and payable all Maintenance and Operation Costs (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs the payment of which is not immediately required), shall be applied by the District to pay when due the following amounts in the following order of priority:

(i) On or before the fifth business day preceding each Payment Date specified in Appendix B, the District shall, from amounts in the Sewer Fund, transfer to the Authority an amount that, together with amounts held by the Authority for that purpose, is equal to the interest amount becoming due and payable on such Payment Date, as set forth in Appendix B.

(ii) On or before the fifth business day preceding each Payment Date specified in Appendix B, the District shall, from amounts in the Sewer Fund, transfer to the Authority an amount that, together with amounts held by the Authority for that purpose, is equal to the principal amount becoming due and payable on such Payment Date, as set forth in Appendix B.

(iii) On or before the fifth business day prior to each Payment Date listed in Appendix B, the District shall, from moneys in the Sewer Fund, pay to the party entitled thereto or transfer or cause to be transferred to any applicable debt service or other payment fund or account for any Parity Obligations, without preference or priority between transfers made pursuant to the preceding clauses (i) and (ii), on the dates specified in the Issuing Instrument relating to such Parity Obligations, the sum or sums required to be paid or deposited in such debt service or other payment fund or account with respect to principal, premium, if any, and interest on Parity Obligations.

(iv) Subject to the terms of an Issuing Instrument related to Outstanding Parity Obligations, all money on deposit in the Sewer Fund in excess of the sums required to be set aside on or before the fifth business day preceding each Payment Date specified in Appendix B by the provisions of the foregoing clauses (i), (ii) and (iii) shall be available for any lawful purpose of the Sewer Enterprise, including, but not limited to, the payment of Member Agency Additional Payments.

The District shall manage, conserve and apply amounts on deposit in the Sewer Fund in such a manner that all deposits required to be made under this Section 4 will be made at the times and in the amounts so required. So long as the District is not in default in the payment of the Member Agency Payments or the payment of principal of and interest and premium (if any) on Outstanding Parity Obligation, the District may use and apply amounts in the Sewer Fund for (i) the payment of any subordinate obligations or any unsecured obligations, (ii) the acquisition and construction of improvements to the Sewer Enterprise, (iii) the establishment of a Rate Stabilization Fund as defined in Section 12, or (iv) any other lawful purposes of the District, including the Member Agency Additional Payments.

Section 5. Special Obligation of the District; Obligations Absolute.

(a) Special Obligation of the District. The District's obligation to pay the Member Agency Payments, the Member Agency Additional Payments and any other amounts coming due and payable hereunder is a special obligation of the District limited to its Net Revenues. Under no circumstances is the District required to advance moneys derived from any source of income other than its Net Revenues and other sources specifically identified herein for the payment of the Member Agency Payments, the Member Agency Additional Payments and such other amounts. No other funds or property of the District are liable for the payment of the Member Agency Payments, the Member Agency Additional Payments and any other amounts coming due and payable hereunder.

(b) Obligations Absolute. The obligations of the District to pay the Member Agency Payments and the Member Agency Additional Payments from its Net Revenues and to perform and observe the other agreements contained herein are absolute and unconditional and are not subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Authority of any obligation to the District or otherwise with respect to the Sewer Enterprise, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Authority. Until all of the Member Agency Payments and the Member Agency Additional Payments are fully paid or prepaid, the District will (a) not suspend or discontinue payment of any Member Agency Payments or Member Agency Additional Payments, (b) perform and observe all other agreements contained in this Agreement, and (c) not terminate this Agreement for any cause, including but not limited to the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Sewer Enterprise or the Project, failure by the District to complete the acquisition and construction of the Project by the estimated completion date thereof, sale of the Project or the Sewer Enterprise, the taking by eminent domain of title to or temporary use of any component of the Project or the Sewer Enterprise, commercial frustration of purpose, any change in the tax laws or other laws of the United States of America or the State of California or any political subdivision of either thereof or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Construction Loan Agreement or this Agreement.

Section 6. Rates and Charges.

The District will at all times fix, prescribe and collect rates and charges for the Sewer Services made available or provided by the Sewer Enterprise during each Fiscal Year which are reasonable, fair, and nondiscriminatory and which will be sufficient to generate Revenues in the amounts necessary to cover Maintenance and Operation Costs, and to yield Net Revenues that are equal to the sum of:

(a) at least one hundred twenty percent (120%) of the Maximum Annual Debt Service on Parity Obligations for such Fiscal Year and

(b) at least one hundred percent (100%) of Maximum Annual Debt Service on all Subordinated Obligations for such Fiscal Year.

The District 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 and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this Section 6. The District shall increase such rates, fees and charges whenever necessary to produce Net Revenues sufficient to meet the requirements of this Section 6.

Upon consideration of a voter initiative to reduce Net Revenues, the District must make a finding regarding the effect of such a reduction on the District's ability to satisfy the rate covenant set forth in this Section. The District must make its findings available to the public. The Authorized Representative must request, if necessary, the authorization of the District'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 or the Recipient's obligation to operate and maintain the Project for its Useful Life. The District must diligently pursue and bear any and all costs related to such challenge. The District must notify and regularly update the State Water Board regarding the status of any such challenge.

Section 7. No Senior Lien Debt. So long as the Member Agency Payments remain unpaid, the District shall not issue or incur any additional bonds or other obligations which are senior to the Member Agency Payments.

Section 8. Issuance of Parity Obligations and Subordinated Obligations.

(a) Without regard to subsection (c) of this Section 8, the District may at any time issue or enter into an obligation or commitment which is a Qualified Swap Agreement, provided (i) the Qualified Swap Agreement shall relate to a principal amount of Outstanding Parity Obligations or investments held under an Issuing Instrument for Parity

Obligations, in each case specified by an Authorized Representative; and (ii) the notional amount of the Qualified Swap Agreement shall not exceed the principal amount of the related Parity Obligation or the amount of such investments, as applicable.

(b) The District may enter into Credit Support Instruments or otherwise become obligated for Credit Provider Reimbursement Obligations from time to time, provided that it complies with the requirements of subsection (c) of this Section 8. For the avoidance of doubt with respect to municipal bond insurance policies, the amount considered in subsection (c) of this Section 8 shall only include accrued but unpaid interest on an amount actually advanced by the Credit Provider (if any as of the time of calculation) and any accrued but unpaid fees owed to the Credit Provider (if any as of the time of calculation), and does not require the double counting of Debt Service on a Parity Obligation and the amounts advanced by a Credit Provider under a Credit Support Instrument to pay Debt Service on such Parity Obligation.

(c) The District may, at any time and from time to time, issue any Additional Parity Obligations or Subordinated Obligations, provided the District obtains or provides a certificate or certificates, prepared by the District or at the District's option by a Consultant, showing that all of the following conditions are met:

(i) The Net Revenues of the District in the most recent Fiscal Year, excluding transfers from the Rate Stabilization Fund, if any, meet the ratio for rate covenants set forth in Section 6 above;

(ii) The District is not in default on any Outstanding Obligation; and

(iii) The conditions of Section D.2 of the Construction Loan Agreement are met, if applicable.

For purposes of calculating either of the coverage tests described in Section 8(c), the proceeds of the Federal Subsidy, if any, received by the District will not be included in Net Revenues and will be subtracted from the amount of interest payable in calculating Debt Service.

For purposes of preparing the certificate or certificates described in this subsection, the District and any Consultant may rely upon the books and records of the District or any financial statements prepared by the District which have not been subject to audit by an Independent Certified Public Accountant if audited financial statements for the particular Calculation Period selected by the District are not available.

(d) So long as the District owes any amounts to the Authority under this Agreement, the District shall not participate in a Commercial Paper Program.

(e) The District shall comply with Section D.2 of the Construction Loan Agreement in connection with incurring any Parity Obligations that bear interest at a Variable Interest Rate.

Section 9. No Liens.

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

Section 10. Operation and Insurance of the Sewer Enterprise. The District covenants and agrees to operate the Sewer Enterprise in an efficient and economical manner and to operate, maintain and preserve the Sewer Enterprise in good repair and working order. The District shall at all times maintain with responsible insurers all such insurance on the Sewer Enterprise as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Sewer Enterprise. The District shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the District, the Authority and the State Water Board, as third-party beneficiary under this Agreement.

Section 11. Records and Accounts. The District shall keep proper books of record and accounts of the Sewer Enterprise in which complete and correct entries are made of all transactions relating to the Sewer Enterprise. Said books shall, upon prior written request, be subject to the reasonable inspection of the Authority and the State Water Board, as third-party beneficiary under this Agreement, or their representatives authorized in writing, upon not less than two business days' prior notice to the District. The District shall cause the books and accounts of the Sewer Enterprise to be audited annually by an Independent Accountant not more than nine months after the close of each Fiscal Year, and shall make a copy of such report available for inspection by the Authority and the State Water Board, as third-party beneficiary under this Agreement. Such report may be part of a combined financial audit or report covering all or part of the District's finances.

Section 12. Establishment and Maintenance of Rate Stabilization Fund. The District shall maintain and hold a separate fund to be known as the "Rate Stabilization Fund." From time to time the District may deposit in the Rate Stabilization Fund from Net Revenues such amounts as the District shall determine, provided that deposits for each Fiscal Year may be made until (but not after) one hundred eighty (180) days following the end of such Fiscal Year. The District may withdraw amounts from the Rate Stabilization Fund only for transfer to the Sewer Fund for inclusion in Revenues for any Fiscal Year, such withdrawals to be made until (but not after) one hundred eighty (180) days after the end of such Fiscal Year. All interest or other earnings upon deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Revenues. Amounts in the Rate Stabilization Fund are not pledged to the Member Agency Payments or any Parity Obligation.

Section 13. Tax Covenants. The District has adopted certain representations, covenants and commitments as set forth in Exhibit F of the Construction Loan Agreement.

Section 14. Cooperation with Construction Loan Agreement. The District agrees that it will execute and deliver any and all such closing certificates, agreements, instruments or other assurances as may be reasonably requested by the Authority or the State Water Board, as third-party beneficiary under this Agreement, to accomplish the financing described in the Construction Loan Agreement. Without limiting the generality of the foregoing, the District agrees to furnish the Authority such financial and operating information, continuing disclosure documents or reports as the Authority may reasonably request for disclosure under the Construction Loan Agreement.

Section 15. Additional Obligations Related to the Construction Loan Agreement.

(a) Member Agency Additional Payments. The Member Agency Additional Payments payable by the District under this Agreement shall include the following:

(i) a portion of the payments made by the Authority under Section C.2.5 of the Construction Loan Agreement based on _____%,

(ii) a portion of the payments made by the Authority under Section C.2.6 of the Construction Loan Agreement based on _____%,

(iii) a portion of the Additional Payments made by the Authority under Sections B.2.1 and B.2.6(e) of the Construction Loan Agreement based on _____%, and

(iv) a portion of the Project Costs made by the Authority under Section B.2.1 of the Construction Loan Agreement based on _____%,

(b) No Cross-Collateralization. In the event that the City fails to make any payments required pursuant to the Financing Agreement, dated as of the date hereof, between the City and the Authority, or satisfy any financial obligation thereunder, the District shall have no obligation to pay such amounts and none of the City, the Authority, or the State Water Board shall have any right to compel the District to pay such amounts.

Section 16. Scope of this Agreement. This Agreement does not obligate the District to make any payments related to the Construction Loan Agreement except as set forth herein. In the event the Authority issues an additional series of bonds, notes or other obligations in accordance with the Joint Powers Agreement to provide financing for the Project, the District may (but is not obligated to) determine to raise its portion of the costs thereof by participating in the issuance of such bonds, notes or other obligations, and in such event the District may (but is not obligated to) enter into an additional agreement with the Authority to obligate the District to pay and secure the payment of its obligations in respect thereof. Such additional obligations of the District, if any, may (but are not required to) be issued as Parity Obligations upon compliance with the conditions set forth in Section 8; in that event, but only in that event, all references in this Agreement to "Parity Obligations" will apply to such additional obligations of the District.

Section 17. Termination or Amendment; Other Related Financing Agreements. The Authority and the District may at any time amend or modify any of the provisions of this Agreement, but only: (a) with the prior written consent of the State Water Board, as third-party beneficiary under this Agreement; or (b) without the consent of the State Water Board, as third-party beneficiary under this Agreement, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the District contained in this Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the District;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, to conform to the original intention of the District and the Authority; or

(iii) to modify, amend or supplement this Agreement in such manner as to assure that in any other respect whatsoever as the Authority and the District deem necessary or desirable, if in the opinion of Bond Counsel such modifications or amendments do not materially adversely affect the interests of the State Water Board, as third-party beneficiary under this Agreement.

No such modification or amendment may (a) extend or have the effect of extending any Payment Date or reducing any Member Agency Payment, without the express consent of the State Water Board, as third-party beneficiary under this Agreement, or (b) modify any of the rights or obligations of the State Water Board, as third-party beneficiary under this Agreement, without its written assent thereto.

The Authority shall not enter into an agreement with another party for the purpose of securing additional revenue to make its payments under the Construction Loan Agreement without the express consent of the State Water Board, as third-party beneficiary under this Agreement.

Section 18. Events of Default and Remedies.

(a) An "Event of Default" means the occurrence of any of the following events:

(i) The District shall fail to pay when due any part of any Member Agency Payment or a Member Agency Additional Payment.

(ii) A material adverse change in the condition of the District, the Revenues or the Sewer Enterprise, which the State Water Board reasonably determines would materially impair the District's ability to satisfy its obligations under this Agreement.

(iii) Failure by the District to comply with Section 8.

(iv) A representation or warranty made by or on behalf of the District in this Agreement, the Construction Loan Agreement or in any document furnished by or on behalf of the District to the State Water Board pursuant to this Agreement or the Construction Loan Agreement shall prove to have been inaccurate, misleading or incomplete in any material respect.

(v) Failure by the District to operate the Sewer Enterprise or the Project without the State Water Board's approval.

(vi) Failure by the District to observe and perform any covenant, condition, or provision in this Agreement or the Construction Loan Agreement, which failure shall continue for a period of time, to be determined by the State Water Board.

(vii) The occurrence of a material breach or event of default under any Obligation that results in the acceleration of principal or interest or otherwise requires immediate prepayment, repurchase or redemption.

(viii) The 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 District's property by a receiver, liquidator, assignee, trustee, custodian, conservator, or similar official; the District's entering into a general assignment for the benefit of creditors; the initiation of resolutions or proceedings to terminate the District's existence, or any action in furtherance of any of the foregoing.

(ix) The occurrence of a material breach or event of default by the District under the Joint Powers Agreement.

(x) Loss of rights, licenses, permits, or privileges necessary for the operation of the Sewer Enterprise or the Project, or the occurrence of any material restraint on the enterprise of the District by a government agency or court order.

(xi) A determination pursuant to California Government Code section 11137 that the District has violated any provision in Article 9.5 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code.

(b) If an Event of Default shall have occurred, then the Authority shall immediately notify the State Water Board of such Event of Default and shall follow any written directions of the State Water Board.

(c) Upon the occurrence of an Event of Default, the Authority or the State Water Board shall have the right to pursue the following action:

(i) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any director, officer or employee thereof, and to compel the District or any such director, officer or employee to perform and carry out its or his duties under the law and the agreements and covenants required to be performed by it or him or her contained herein;

(ii) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority or the State Water Board, as third-party beneficiary under this Agreement;

(iii) by suit in equity to require the District and its directors, officers and employees to account as the trustee of an express trust for the benefit of the State Water Board as third-party beneficiary under this Agreement;

(iv) to declare the entire principal amount of the unpaid Member Agency Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding; or

(v) to institute any actions or proceedings at law or in equity against the District for the collection of any sums due to the Authority from the District and unpaid under this Agreement, and may prosecute any such judgment or final decree against the District and collect in the manner provided by law the moneys adjudged or decreed to be payable, may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by the District to the Authority under this Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the District under this Agreement.

Section 19. Governing Law. This Agreement will be construed in accordance with and governed by the laws of the State of California.

Section 20. Binding Effect. This Agreement inures to the benefit of and is binding upon the Authority, the District and their respective successors and assigns, subject, however, to the limitations contained herein.

Section 21. Severability of Invalid Provisions. If any one or more of the provisions contained in this Agreement are for any reason held to be invalid, illegal or unenforceable in any respect, then such provision or provisions will be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability will not affect any other provision of this Agreement, and this Agreement will be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority and the District each hereby declares that it would have entered into this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Agreement may be held illegal, invalid or unenforceable.

Section 22. Payment on Non-Business Days. Whenever any payment is required to be made hereunder on a day which is not a business day, such payment will be made on the immediately preceding business day.

Section 23. Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original and all of which together constitute but one and the same instrument.

Section 24. Third Party Beneficiary; Rights under the Construction Loan Agreement. The State Water Board is hereby made a third party beneficiary hereof and is entitled to the benefits of this Agreement with the same force and effect as if the State Water Board were a party hereto. The State Water Board shall be entitled to take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the District under this Agreement. The State Water Board may pursue all remedies provided to it in the Construction Loan Agreement or otherwise available at law or in equity to enforce its interest in this Agreement. For the avoidance of doubt, the State Water Board shall have no right to pursue remedies against a Member Agency that is not in default under this Agreement.

Section 25. 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.

[Remainder of page intentionally left blank. Signatures on next page.]

IN WITNESS WHEREOF, the Authority and the District have caused this Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

DALY CITY JOINT POWERS FINANCING AUTHORITY

By ________________________________
Executive Director

ATTEST:

By ________________________________
Secretary

NORTH SAN MATEO COUNTY SANITATION DISTRICT

By ________________________________
[to come]

ATTEST:

By ________________________________
[to come]

DEFINED TERMS

"Accreted Value" means, with respect to any Capital Appreciation Obligation and as of any date, the Initial Amount thereof plus the interest accrued thereon from its delivery date, compounded at the approximate interest rate with respect to such Capital Appreciation Obligation specified in or pursuant to the Issuing Instrument authorizing the issuance of such Capital Appreciation Obligation on each date specified therein. The applicable Accreted Value at any date will be the amount set forth in the Accreted Value Table as of such date, if such date is a compounding date, and if not, will be determined by straight-line interpolation with reference to such Accreted Value Table.

"Accreted Value Table" means, with respect to Capital Appreciation Obligations, the table denominated as such in, and to which reference is made in, the Issuing Instrument authorizing the issuance of such Capital Appreciation Obligations.

"Additional Parity Obligations" means Parity Obligations issued for the purpose of paying all or a portion of the costs of the Sewer Enterprise, including, without limitation, the financing of all or a part of the cost of acquisition and construction of any additions to or improvements of the Sewer Enterprise and satisfying the conditions set forth in Section 8(c).

[**to be updated**] "Authorized Representative" means the City Manager, the Finance Director or any other officer of the District duly authorized to act as an Authorized Representative for purposes of the Financing Agreement by resolution of the Board of Directors of the District or written authorization of the City Manager or the Finance Director.

"Balloon Indebtedness" means, with respect to any Series of Obligations, twenty-five percent (25%) or more of the principal of which matures on the same date or within a 12-month period (with Sinking Fund Installments on Term Obligations deemed to be payments of matured principal), that portion of such Series of Obligations which matures on such date or within such 12 month period. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such indebtedness which is required, by the documents governing such indebtedness, to be amortized by prepayment or redemption prior to its stated maturity date.

"Bond Counsel" means any attorney at law or firm of attorneys selected by the District, of nationally recognized standing in matters pertaining to the validity of and federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Calculation Period" means, with respect to any certificate to be provided pursuant to Section 8(c), any twelve consecutive month period within the eighteen consecutive months ending immediately prior to the issuance of the Additional Parity Obligations to which such certificate relates.

"Capital Appreciation Obligations" means any Obligations the interest on which is compounded and not scheduled to be paid until the maturity or prior redemption of such Obligations.

"Commercial Paper Program" means a program of short-term Obligations having the characteristics of commercial paper in that such Parity Obligations have a stated maturity not later than 270 days from their date of issue and that maturing Obligations of such program may be paid with the proceeds of renewal short-term Obligations.

"Consultant" means a consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm retained by the District to perform acts, prepare certificates or otherwise carry out the duties provided for a Consultant in this Agreement. Such consultant, consulting firm, engineer, architect, engineering firm or architectural firm shall be nationally recognized within its profession for works of the character required. Such accountants or accounting firm shall be Independent Certified Public Accountants licensed to practice in the State of California.

"Credit Provider" means any municipal bond insurance company, bank or other financial institution or organization which is performing in all material respects its obligations under any Credit Support Instrument for some or all of the Parity Obligations.

"Credit Provider Reimbursement Obligations" means obligations of the District to pay from the Sewer Fund amounts due under a Credit Support Agreement, including without limitation amounts advanced by a Credit Provider pursuant to a Credit Support Instrument as credit support or liquidity for Parity Obligations and the interest with respect thereto.

"Credit Support Agreement" means, with respect to any Credit Support Instrument, the agreement or agreements (which may be the Credit Support Instrument itself) between the District and the applicable Credit Provider, as originally executed or as it may from time to time be replaced, supplemented or amended in accordance with the provisions thereof, providing for the reimbursement to the Credit Provider for payments under such Credit Support Instrument, and the interest thereon, and includes any subsequent agreement pursuant to which a substitute Credit Support Instrument is provided, together with any related pledge agreement, security agreement or other security document.

"Credit Support Instrument" means a policy of insurance, a letter of credit, a stand-by purchase agreement, revolving credit agreement or other credit arrangement pursuant to which a Credit Provider provides credit or liquidity support with respect to the payment of interest, principal or the purchase price of any Parity Obligations.

"Debt Service" means, for any Fiscal Year, the sum of (a) the interest payable during such Fiscal Year on all Outstanding Parity Obligations, assuming that all Outstanding Serial Parity Obligations are retired as scheduled and that all Outstanding Term Parity Obligations are redeemed or paid from Sinking Fund Installment as scheduled, (b) that portion of the principal amount of all Outstanding Serial Parity Obligations maturing on each principal payment date which falls in such Fiscal Year, including the Final Compounded Amount of any Capital Appreciation Obligations which are Series Parity Obligations, (c) that portion of the principal amount of all Outstanding Term Parity Obligations required to be redeemed or paid from Sinking Fund Installments becoming due during such Fiscal Year (together with the redemption premiums, if any, thereon), including the Accreted Value of any Capital Appreciation Obligations which are Term Parity Obligations; provided that, for purposes of calculating Debt Service, any Federal Subsidy to be received by the District during such Fiscal Year shall be subtracted from such sum; and provided further that the following adjustments and assumptions shall be made:

(a) in determining the amount of Debt Service constituting principal due in each Fiscal Year, principal payments with respect to Parity Obligations which are or upon issuance will be, part of a Commercial Paper Program, but which would not constitute Balloon Indebtedness, shall be treated as if such Parity Obligations were to be amortized with substantially level annual Debt Service payments over a term of 40 years commencing on the date the calculation of Debt Service is made;

(b) if all or any portion or portions of the Parity Obligations constitute, or upon issuance would constitute, Balloon Indebtedness, then, for purposes of determining Debt Service, each maturity which constitutes, or upon issuance would constitute, Balloon Indebtedness shall be treated as if it were to be amortized with substantially level annual Debt Service payments over a term of 30 years commencing on the date which is the first anniversary of the initial issuance of such Parity Obligations, calculated based on a fixed rate equal to the rate at which the District could borrow for such 30-year period, as certified by an independent municipal advisor engaged by the District;

(c) if any Outstanding Parity Obligations constitute Tax-Exempt Variable Rate Indebtedness (except to the extent paragraph (g) applies), the interest rate on such Parity Obligations for any period as to which such interest rate has not been established shall be assumed to be 110% of the daily average interest rate on such Parity Obligations during the 12 months ending with the month preceding the date of calculation, or such shorter period that such Parity Obligations shall have been Outstanding ;

(d) if any Outstanding Parity Obligations constitute Variable Rate Indebtedness which is not Tax-Exempt (except to the extent paragraph (g) applies), the interest rate on such Parity Obligations for any period as to which such interest rate has not been established shall be assumed to be 110% of the average 30-Day USD SOFR Rate during the calendar quarter preceding the calendar quarter in which the calculation of Debt Service is made or if the 30-Day USD SOFR Rate is not available for such period, another similar rate or index selected by the District;

(e) if Additional Parity Obligations proposed to be issued will be Tax-Exempt Variable Rate Indebtedness (except to the extent subsection (h) applies), then the interest rate on such Additional Parity Obligations shall be assumed to be 110% of the average SIFMA Index during the calendar quarter preceding the calendar quarter in which the calculation of Debt Service is made, or if that index is no longer published, seventy-five percent (75%) of the 30-Day USD SOFR Rate, or if the 30-Day USD SOFR Rate is not available, another similar rate or index selected by the District;

(f) if Additional Parity Obligations proposed to be issued will be Variable Rate Indebtedness which is not Tax-Exempt (except to the extent subsection (h) applies) then the interest rate on such Additional Parity Obligations shall be assumed to be 110% of the average 30-Day USD SOFR Rate during the calendar quarter preceding the calendar quarter in which the calculation is made, or if the 30-Day USD SOFR Rate is not available for such period, another similar rate or index selected by the District;

(g) if a Qualified Swap Agreement has been entered into in connection with any Outstanding Parity Obligations, the interest rate on such Outstanding Parity Obligations for each Fiscal Year or portion thereof during which payments are to be exchanged by the parties under such Qualified Swap Agreement shall be determined for purposes of calculating Debt Service by adding: (1) the amount of Debt Service paid or to be paid by the District as interest on the Outstanding Parity Obligations during such Fiscal Year or portion thereof (determined as provided in paragraph (c) or (d), as applicable, if such Outstanding Parity Obligations constitute Variable Rate Indebtedness) and (2) the net amount (which may be a negative amount) paid or to be paid by the District under the Qualified Swap Agreement (after giving effect to payments made and received, and to be made and received, by the District under the Qualified Swap Agreement) during such Fiscal Year or portion thereof, and for this purpose any variable rate of interest agreed to be paid under the Qualified Swap Agreement shall be deemed to be the rate at which the related Outstanding Parity Obligations constituting Variable Rate Indebtedness is assumed to bear interest;

(h) if a Qualified Swap Agreement has been entered into by the District with respect to any Additional Parity Obligations proposed to be issued, the interest on such proposed Additional Parity Obligations for each Fiscal Year or portion thereof during which payments are to be exchanged under the Qualified Swap Agreement shall be determined for purposes of calculating Debt Service by adding: (1) the amount of Debt Service to be paid by the District as interest on such Additional Parity Obligations during such Fiscal Year or portion thereof (determined as provided in paragraph (e) or (f), as applicable, if such Additional Parity Obligations are to constitute Variable Rate Indebtedness) and (2) the net amount (which may be a negative amount) to be paid by the District under the Qualified Swap Agreement (after giving effect to payments to be made and received by the District under the Qualified Swap Agreement) during such Fiscal Year or portion thereof, and for this purpose any variable rate of interest agreed to be paid under the Qualified Swap Agreement shall be deemed to be the rate at which the related Additional Parity Obligations which are to constitute Variable Rate Indebtedness shall be assumed to bear interest; and

(i) if any Parity Obligations are, or upon issuance will be, Paired Obligations, the interest thereon shall be the resulting linked rate or effective fixed rate to be paid with respect to such Paired Obligations.

For the avoidance of doubt, Member Agency Payments constitute Debt Service but Member Agency Additional Payments do not.

"Existing Obligations" means the following obligations: **[to come, if any]**

"Federal Securities" means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the timely payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Federal Subsidy" means any payment or tax credit by the United States of America established in connection with any Bond or other Parity Obligation, including without limitation a 35% cash subsidy payment from the United States Treasury paid pursuant to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the Recovery Act, pertaining to "Build America Bonds").

"Final Compounded Amount" means the Accreted Value of any Capital Appreciation Obligation on its maturity date.

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other 12-month period selected and designated by the District as its official fiscal year period.

"Generally Accepted Accounting Principles" means generally accepted accounting principles applied on a consistent basis set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants applicable to a government-owned utility applying all statements and interpretations issued by the Governmental Accounting Standards Board and statements and pronouncements of the Financial Accounting Standards Board which are not in conflict with the statements and interpretations issued by the Governmental Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, that are applicable to the circumstances as of the date of determination.

"Independent Accountant" means any certified public accountant or firm of certified public accountants appointed and paid by the District, and who, or each of whom (a) is in fact independent and not under domination of the District; (b) does not have any substantial interest, direct or indirect, in the District; and (c) is not connected with the District as an officer or employee of the District but who may be regularly retained to make annual or other audits of the books of or reports to the District.

"Initial Amount" means the Accreted Value of a Capital Appreciation Obligation on its date of issuance and delivery to the original purchaser thereof.

"Issuing Instrument" means any indenture, trust agreement or other instrument or agreement under which Obligations are issued.

"Maintenance and Operation Costs" means the reasonable and necessary costs of maintaining and operating the Sewer Enterprise, calculated in accordance with Generally Accepted Accounting Principles, including (without limitation) the reasonable expenses of management, repair and other expenses necessary to maintain and preserve the Sewer Enterprise in good repair and working order, and reasonable amounts for administration, overhead, wages of employees, insurance, taxes (if any) and other similar costs or charges required to be paid by the District to comply with the law or terms of this Financing Agreement or Parity Obligations or other Obligations, such as compensation of the trustee, and fees and expenses payable to any Credit Provider (other than in repayment of a Credit Provider Reimbursement Obligation), and accountant and engineering fees, but excluding in all cases (a) depreciation and obsolescence charges or reserves therefor, amortization of intangibles, or other bookkeeping entries of a similar nature, (b) all costs paid from the proceeds of taxes received by the District, and (c) all interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the District, and all payments made pursuant to any Qualified Swap Agreement. For the avoidance of doubt, "Maintenance and Operation Costs" includes amounts payable for operation and maintenance under the Joint Powers Agreement, but does not include payments made by the District under the Joint Powers Agreement in respect of debt service on notes, bonds or other obligations issued by the Authority to finance the Project.

"Maximum Annual Debt Service" means the greatest total Debt Service payable in any Fiscal Year during the period commencing with the next ensuing Fiscal Year and terminating with the Fiscal Year in which payments are due under the last Outstanding Parity Obligations.

"Member Agency Additional Payments" means the amounts paid by the District under Section 15 of this Agreement.

"Member Agency Payments" means the amounts paid by the District under Section 3 of this Agreement, representing _______% of the principal, interest and Charge In Lieu of Interest payable by the Authority under the Construction Loan Agreement.

"Net Revenues" for any Fiscal Year means the sum of (i) Revenues for such Fiscal Year plus (ii) the amounts, if any, withdrawn from the Rate Stabilization Fund for treatment as Revenues for such Fiscal Year, less the sum of (iii) all Maintenance and Operation Costs for such Fiscal Year and (iv) the amounts, if any, withdrawn by the District from Revenues during such Fiscal year for deposit in the Rate Stabilization Fund.

"Obligations" means (a) obligations with respect to borrowed money and includes loans or other evidences of indebtedness, installment purchase payments under any contract, and lease payments under any financing or capital lease (determined to be such in accordance with Generally Accepted Accounting Principles), which are payable from the Sewer Fund, (b) obligations to replenish any debt service reserve fund with respect to obligations of the District described in (a) above; (c) obligations secured by or payable from any of obligations of the District described in (a) above; (d) obligations payable from the Sewer Fund and entered into in connection with, relating to, or otherwise serving as a hedge with respect to, an obligation described in (a), (b) or (c) above under (1) any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, (2) any contract to exchange cash flows or a series of payments, or (3) any contract to hedge payment, currency, rate spread or similar exposure, including but not limited to interest rate swap agreements and interest rate cap agreements; and (e) Credit Provider Reimbursement Obligations.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel who is selected by the District (including counsel to the District) and who is acceptable to the Trustee.

"Outstanding" means any Obligation that has not been discharged under the terms of the Issuing Instrument.

"Paired Obligations" shall mean any Series (or portion thereof) of Parity Obligations designated as Paired Obligations in the Issuing Instrument authorizing the issuance thereof, which are simultaneously issued (a) the principal of which is of equal amount maturing and to be redeemed (or cancelled after acquisition thereof) on the same dates and in the same amounts, and (b) the interest rates which, taken together, result in an irrevocably fixed interest rate obligation of the District for the terms of such Paired Obligations.

"Parity Obligations" means (a) the Member Agency Payments, (b) the Existing Obligations, and (c) Obligations that are payable from Net Revenues on a parity with the payment of the Member Agency Payments and that satisfy the applicable conditions of Section 8, including payments due under Qualified Swap Agreements.

"Project" has the meaning given that term in the recitals to this Agreement.

"Qualified Swap Agreement" means a contract or agreement, payable from Net Revenues on a parity with the payment of Parity Obligations and satisfying the conditions of Section 8(a), intended to place Parity Obligations or the applicable investments on the interest rate, currency, cash flow or other basis desired by the District, including, without limitation, any interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, any contract to exchange cash flows or a series of payments, or any contract, including, without limitation, an interest rate floor or cap, or an option, put or call, to hedge payment, currency, rate, spread or similar exposure, between the District and a counterparty.

"Rate Stabilization Fund" means, the Rate Stabilization Fund established pursuant to Section 12 of this Agreement.

"Revenues" means all charges received for, and all other income and receipts derived by the District from the ownership and operation of the Sewer Enterprise or arising from the Sewer Enterprise, including the proceeds of any Federal Subsidy and all rates, fees, and user charges received by the District for Water Service and all connection charges, impact fees, standby charges or similar fees or charges relating to the Sewer Enterprise (including without limitation all charges received from other public agencies pursuant to contracts with the District for Water Services), together with any receipts derived from the sale of any property pertaining to the Sewer Enterprise or incidental to the operation of the Sewer Enterprise, together with all interest, profits and other income derived from the investment of moneys in any fund or account established hereunder (other than the Rebate Fund), but exclusive of any moneys derived from refundable deposits made to establish credit and advances, or contributions in aid of construction, or other payments of a similar nature.

"Serial Obligations" means Obligations for which no Sinking Fund Installments are established.

"Serial Parity Obligations" means Serial Obligations that are Parity Obligations.

"Series" means Obligations issued at the same time or sharing some other common term or characteristic and designated in the Issuing Instrument pursuant to which such Obligations were issued as a separate issue or series of Obligations.

"Sewer Enterprise" means the whole and each and every part of the existing sanitary sewage system of the District comprising all facilities for the wastewater collection, transport, treatment, storage and disposal facilities, together with all additions, betterments, extensions and improvements thereto or any part thereof hereafter acquired or constructed, including the Project.

"Sewer Fund" means the fund or funds established and held by the District with respect to the Sewer Enterprise for the receipt and deposit of Gross Revenues.

"Sewer Service" means the services made available or provided by the Sewer Enterprise.

"SIFMA Index" means The Securities Industry and Financial Markets Association Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, Tax-Exempt variable rate demand notes produced by Municipal Market Data, or its successor, or as otherwise designated by The Securities Industry and Financial Markets Association, provided, however, that, if such index is no longer produced by Municipal Market Data, or its successors, then "SIFMA Index" shall mean such other reasonably comparable index selected by the District.

"Sinking Fund Installment" means, with respect to any Term Parity Obligations, each amount so designated for such Term Parity Obligations in the Issuing Instrument authorizing the issuance of such Parity Obligations requiring payments by the District from the Sewer Fund to be applied to the retirement of such Parity Obligations on and prior to the stated maturity date thereof.

"Subordinated Obligation" means any Obligation which is expressly made subordinate and junior in right of payment from the Sewer Fund to the payment of Parity Obligations.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

"Tax-Exempt" means, with respect to interest on any obligations of a state or local government, that such interest is excluded from the gross income of the holders thereof (other than any holder who is a "substantial user" of facilities financed with such obligations or a "related person" within the meaning of Section 147(a) of the Tax Code) for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

"Tax-Exempt Securities" means bonds, notes or other securities the interest on which is Tax-Exempt.

"Tender Indebtedness" means any Parity Obligations or portions of Parity Obligations, a feature of which is an option or obligation, on the part of the owners thereof under the terms of such Parity Obligations, to tender all or a portion of such Parity Obligations to the District, a trustee, a fiscal agent, a paying agent, a tender agent or other agent for purchase and requiring that such Parity Obligations or portions thereof be purchased at the applicable purchase price if properly presented.

"Term Obligations" means Obligations that are payable on or before their specified maturity dates from Sinking Fund Installments established for that purpose and calculated to retire such Obligations on or before their specified maturity dates.

"Term Parity Obligations" means Term Obligations that are Parity Obligations.

"Variable Rate Indebtedness" means any portion of indebtedness evidenced by Parity Obligations the interest rate on which is not established at the time of incurrence of such indebtedness and has not, at some subsequent date, been established at a rate which is not subject to fluctuation or subsequent adjustment, excluding Paired Obligations.

"30-Day USD SOFR Rate" means the Secured Overnight Finance Rate administered by the New York Federal Reserve Board as an average cost of borrowing cash overnight collateralized by Treasury Securities for United States dollar deposits for a 30 day period as reported in the Wall Street Journal or, if not reported in such newspaper, as reported in such other source as may be selected by the District.

APPENDIX B

MEMBER AGENCY PAYMENT SCHEDULE
North San Mateo County Sanitation District

Payment Date [1]	Principal[2]	Interest[3]	Period Debt Service	Bond Year Debt Service	Fiscal Year Debt Service

Payment Date [1]	Principal[2]	Interest[3]	Period Debt Service	Bond Year Debt Service	Fiscal Year Debt Service
TOTAL					

(1) Payments are due on the 5th business day preceding the payment dates listed in the foregoing schedule
(2) Principal is ______% of principal payable under the Construction Loan Agreement
(3) Capitalized interest is added to principal