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 23, 2026 - 6:45 PM

There are two ways to submit public comments: (1) submit written comments by meeting day and (2) 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.

2. 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:

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:

1. Minutes of Regular Meeting of February 9, 2026

Action Items:

2. Rejection of Bids for the Evergreen/Winchester/Templeton Sewer Replacement Project

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

3. Resolution Authorizing a WIFIA Loan Agreement with the Daly City Joint Powers Financing Authority, the City of Daly City and the United States Environmental Protection Agency and a Financing Agreement (WIFIA Loan Agreement) with the Daly City Joint Powers Financing Authority in Connection with the Financing of the Vista Grande Drainage Basin Improvement Project and Authorizing the City Manager (or District Manager), or Designee, to Execute and Deliver Such Agreements and Related Documents and Approving a Pledge of Revenues for Repayment of Funding, and Approving Related Agreements and Actions

REPORTS:

4. Board of Directors

5. Staff

ADJOURNMENT:

REGULAR MEETING - BOARD OF DIRECTORS

MINUTES

February 9, 2026

The Board of Directors of the North San Mateo County Sanitation District convened in a Regular Meeting on February 9, 2026, in the City Council Chamber, City Hall, 333 - 90th Street, Daly City, California.

The meeting was called to order by Chair Glenn Sylvester at 6:50 p.m.

ROLL CALL:

Present: Daus-Magbual, DiGiovanni, Manalo, Proaño, Sylvester,
Absent: None

Staff Present: General Manager Thomas J. Piccolotti, District Counsel Rose Zimmerman, Assistant City Manager/Acting Director of Finance and Administrative Services Tim Nevin, Director of Water and Wastewater Resources Joshua Cosgrove, Assistant to the Director of WWR Kaila DeFries, Senior Management Analyst Anthony Tofiga, Assistant to the City Manager Leilani Ramos, and Office Assistant III Ester Cabral as Recording Secretary.

APPROVAL OF AGENDA:

Motion was made, seconded (Manalo/Proaño) and unanimously approved.

CONSENT AGENDA:

1. **Minutes of Special Meeting of January 6, 2026**
2. **Sewer Service Charge Appeals – Fiscal Year 2025-26**
3. **Accept the Fiscal Year 2025 Annual Financial Statements**

Motion was made, seconded (Manalo/Proaño), and unanimously carried to adopt the Consent Agenda.

NEW BUSINESS:

None.

REPORTS:

1. **Board of Directors**

   None.

2. **Staff**

   None.

ADJOURNMENT:

At 6:52 p.m., call of adjournment of Regular Meeting by Chair Glenn Sylvester.

Item # ____

Agenda Report

North San Mateo County Sanitation District

a subsidiary of the City of Daly City

Meeting Date: February 23, 2026

Subject: Rejection of Bids for the Evergreen/Winchester/Templeton Sewer Replacement Project

Recommended Action

Reject all bids received.

Background/Discussion

The Evergreen/Winchester/Templeton Sewer Replacement Project is part of the City's Capital Improvement Program and is intended to replace aging sewer mains, manholes, laterals, and related surface improvements within the public right-of-way.

The project was publicly advertised in accordance with public contracting requirements, and thirteen (13) bids were received at the December 10, 2025, bid opening.

Following the bid opening, staff identified a previously unknown utility within the project area that was not reflected in the original design drawings or bid documents. This condition requires design revisions to address the utility conflict and ensure the project can be constructed safely and efficiently.

Because the current bid documents do not account for this condition, proceeding with an award could result in significant change orders, delays, and increased construction risk. To ensure accurate pricing and fair competition, staff recommend rejecting all bids, revising the plans and specifications, and re-advertising the project once the design updates are complete.

Pursuant to applicable public contracting requirements, the City may reject any and all bids prior to award.

Fiscal Impact

There is no immediate fiscal impact associated with rejecting the bids. The project remains funded within the approved Wastewater Capital Improvement Program budget. Staff will return to District Board for award consideration following redesign and re-advertisement.

Summary/Conclusion

Due to the discovery of a previously unidentified utility requiring design revisions, staff recommends rejection of all bids received on December 10, 2025 for the Evergreen/Winchester/Templeton Sewer Replacement Project. This action will allow staff to update the project design and re-advertise the project to ensure accurate pricing and reduce construction risk.

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

Respectfully submitted,

Joshua Cosgrove
Director of Water and Wastewater Resources

Louis Langi
Collection System Manager

Item # __

Agenda Report

North San Mateo County Sanitation District

a subsidiary of the City of Daly City

Meeting Date: February 23, 2026

Subject: **RESOLUTION AUTHORIZING A WIFIA LOAN AGREEMENT WITH THE DALY CITY JOINT POWERS FINANCING AUTHORITY, THE CITY OF DALY CITY AND THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND A FINANCING AGREEMENT (WIFIA LOAN AGREEMENT) WITH THE DALY CITY JOINT POWERS FINANCING AUTHORITY IN CONNECTION WITH THE FINANCING OF THE VISTA GRANDE DRAINAGE BASIN IMPROVEMENT PROJECT AND AUTHORIZING THE CITY MANAGER (OR DISTRICT MANAGER), OR DESIGNEE, TO EXECUTE AND DELIVER SUCH AGREEMENTS AND RELATED DOCUMENTS AND APPROVING A PLEDGE OF REVENUES FOR REPAYMENT OF FUNDING, AND APPROVING RELATED AGREEMENTS AND ACTIONS**

Recommended Action

Consider adoption of a resolution authorizing a WIFIA Loan Agreement with the Daly City Joint Powers Financing Authority, the City of Daly City, and the United States Environmental Protection Agency in connection with the financing of the Vista Grande Drainage Basin Improvement Project and a related Financing Agreement (WIFIA Loan Agreement), approving a pledge of revenues for repayment of funding, and approving related agreements and 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").

District, City and Authority Responsibility for the Project. 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.

The City, the District and the Authority previously entered into a Memorandum of Agreement, dated as of March 29, 2024 ("Original Memorandum of Agreement"), for the purpose of documenting their respective roles with respect to ownership, construction, operation and financing of the Project. The Original Memorandum of Agreement provides that (i) the City will own, construct, operate and maintain the project, (ii) the City's water enterprise ("Water Enterprise") is responsible for 49.23% of the costs of constructing, operating, maintaining and financing the Project and (iii) the District's wastewater enterprise ("Sewer Enterprise") is responsible for 50.77% of the costs of constructing, operating, maintaining and financing the Project. The Authority acts as a financing conduit between the City and the District on the one hand and Project lenders on the other; the Authority has no responsibilities for operation of the Project and will repay financings with amounts received from the City and the District.

Financing Plan. The City and the District intend to rely on three categories of funding sources to finance the Project:

- 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.

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:

Funding Sources			Agreement	Funding Access
Contributions				
CalTrans	$	3,400,000	Executed	Expended
City, Water Enterprise Fund		5,000,000	n/a	Final amount depends on other sources.
District, Sanitation Fund		5,000,000	n/a	Final amount depends on other sources.
San Francisco Public Utilities		35,000,000	Executed	Construction Draws
San Mateo County		15,000,000	Executed	Construction Draws
Subtotal	$	63,400,000		
Grants				
Congressionally Directed Spending	$	2,051,752	Application	Construction Draws
State Water Board		5,000,000	Executed	Construction Draws
Subtotal	$	7,051,752		
Debt				
State Water Board	$	62,875,411	Executed	Construction Draws
EPA, WIFIA		33,890,228	Pending	Construction Draws
CA Infrastructure Bank		35,000,000	Application	When debt originated.
Public/Market Offering		18,092,479	FY 2028	When debt originated.
Subtotal	$	131,765,639		
Total Funding Sources	**$**	**220,309,870**		
Funding Uses				
Plan & Design	$	14,038,072		Includes prior expenses.
Project Management		12,508,712		Includes prior expenses.
Habitat Mitagtion		7,863,086		Includes prior expenses.
Contruction		180,000,000		Project bids as of 2/6/26.
Contingency & Costs of Issuance		5,900,000		Includes prior expenses.
Total Funding Uses	**$**	**220,309,870**		

Discussion

Proposed WIFIA Financing. Staff has been working with an outside bond counsel (Jones Hall LLP) and an independent municipal advisor (D.A. Davidson) to negotiate with the United States Environmental Protection Agency ("U.S. EPA"), which administers the federal Water Infrastructure Finance and Innovation Act ("WIFIA") program, (i) the terms of an approximately $34,000,000 loan (the "WIFIA Loan") from the U.S. EPA to the Authority to finance the Project, (ii) a WIFIA Loan Agreement among the District, the City, the Authority and the U.S. EPA (the "WIFIA Loan Agreement"), (iii) a Financing Agreement (WIFIA Loan 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 Sewer Enterprise that the Authority would use to pay 50.77% of the WIFIA Loan payments, when due and (iv) a Financing Agreement (WIFIA Loan 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 that the Authority would use to pay 49.23% of the WIFIA Loan payments.

Based on the projected funding sources and uses presented in the table above, District staff anticipate that the principal amount of the District's payment obligations under the District Financing Agreement will be approximately $17,261,800. Staff expects the WIFIA Loan to mature in2065, and the true interest cost of the WIFIA Loan to be approximately 4.81%.

Pursuant to the proposed resolution, the Board of Directors would approve the WIFIA Loan in a maximum principal amount of $34,000,000 (excluding capitalized interest) and the District's payment obligations under the District Financing Agreement in a maximum principal amount of $17,261,800 (excluding capitalized interest), in each case with a maximum interest rate of 5.25%; authorize execution and delivery of the WIFIA Loan Agreement and the District Financing Agreement; and approve related agreements and actions. The proposed resolution approves an amendment and restatement of the Original Memorandum of Agreement; the amendment would not change the allocation of responsibilities or costs for the Project between the City and the District, but it would establish a formal process for interfund loans between the Water Enterprise and the Sewer Enterprise, if needed.

Compared to other debt financing sources, the proposed WIFIA Loan offers the following advantages to the City and the District, which should result in lower rates charged to users of the Water Enterprise and the Sewer Enterprise:

1. *Lower Interest Expense* – The WIFIA program sets its interest rate based on the U.S. Treasury rate on the date of loan closing. The rate is calculated using the weighted average ("WAL") life of the loan rather than the loan maturity date. The WAL is expected to be shorter than the WIFIA Loan's actual length, resulting in a lower interest rate. In addition, the City and the District will benefit from the "AAA" Treasury rate, even though the Water Enterprise and the Sewer Enterprise will be rated lower than "AAA".

2. *Other Terms and Conditions* – The City and the District can repay principal for a period up to 35 years after Project completion, payments may be deferred up to 5 years after Project completion, and the repayment schedule can be customized to match expected revenues and expenses.

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, 2025, the Sanitation Fund "sales and service" revenues averaged 4.64% annual increases due to rate adjustments, new users, and increased wastewater flows. As part of the adopted FY 2026 Budget, the City budgeted 9% annual increases for FYs 2026 and 2027, 9.5% for FY 2028, and 9% annual increases for FY's 2029 and 2030.

Effective July 1, 2030, through final maturity on June 30, 2065, 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 Sewer Enterprise revenues are sufficient to:

1. Fund 100% of annual Sewer Enterprise operating and maintenance expenses,
2. Fund 100% of annual debt service, and
3. Generate additional annual revenue equal to at least 20% of annual debt service.

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

After paying annual operation and maintenance costs and debt service, the District may use remaining Sewer Enterprise revenues to annually fund capital expenditures, reserves, and other lawful uses and purposes of the Sewer Enterprise.

The formula for annual "Net Revenues" (which are defined as annual Sewer Enterprise revenues minus the annual costs of operating/maintaining the Sewer Enterprise) 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 5 to 1 to "cover" payments under the District Financing Agreement.

Conclusion

Staff recommends that the Board of Directors adopt a resolution approving the WIFIA Loan from the U.S. EPA's WIFIA program in the maximum principal amount of $34,000,000 (excluding capitalized interest), payments by the District under the District Financing Agreement in the maximum principal amount of $17,261,800 (excluding capitalized interest), and an interest rate not to exceed 5.25%; approving a pledge of revenues for repayment of funding; and approving related documents and actions.

Staff are available to provide any additional information desired by the Chair or Members of the Board of Directors.

Respectfully submitted,

Joshua Cosgrove
Director of Water and Wastewater Resources

Rose Zimmerman
District Counsel

Attachment 1: Draft Resolution
Attachment 2: WIFIA Loan Agreement
Attachment 3: District Financing Agreement
Attachment 4: Amended and Restated Memorandum of Agreement

RESOLUTION NO. ____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH SAN MATEO COUNTY SANITATION DISTRICT AUTHORIZING A WIFIA LOAN AGREEMENT WITH THE DALY CITY JOINT POWERS FINANCING AUTHORITY, THE CITY OF DALY CITY AND THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND A FINANCING AGREEMENT (WIFIA LOAN AGREEMENT) WITH THE DALY CITY JOINT POWERS FINANCING AUTHORITY IN CONNECTION WITH THE FINANCING OF THE VISTA GRANDE DRAINAGE BASIN IMPROVEMENT PROJECT AND AUTHORIZING THE CITY MANAGER (OR DISTRICT MANAGER), OR DESIGNEE, TO EXECUTE AND DELIVER SUCH AGREEMENTS AND RELATED DOCUMENTS AND APPROVING A PLEDGE OF REVENUES FOR REPAYMENT OF FUNDING, ANDAPPROVING RELATED AGREEMENTS AND ACTIONS

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 (the “Joint Exercise of Powers Agreement”); 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

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 (i) the State of California, acting by and through the State Water Resources Control Board (the “State Water Board”) and (ii) the federal Water Infrastructure Finance and Innovation Act (“WIFIA”) program, which is administered by the United States Environmental Protection Agency (“U.S. EPA”); and

WHEREAS, in order to provide financing for the Project, the Board of Directors wishes at this time to authorize the execution and delivery of (i) a WIFIA Loan Agreement among the District, the City, the Authority and the U.S. EPA (including the exhibits and schedules attached thereto, the "WIFIA Loan Agreement") and (ii) a Financing Agreement (WIFIA Loan Agreement) between the District and the Authority (including the appendix and schedule attached thereto, the "District Financing Agreement"); and

WHEREAS, under the District Financing Agreement, the Authority Bond Payments (as defined in the District Financing Agreement) payable by the District will be secured by a pledge of and payable from District Net Revenues (as defined in the WIFIA Loan Agreement) of the District's Sewer Enterprise (as defined in the District Financing Agreement), on a parity basis with the District's obligation to make certain payments denominated Member Agency Payments pursuant to a Financing Agreement, dated as of September 12, 2024, by and between the Authority and the District, related to financing for the Project from the State Water Board (the "SRF Member Agency Payments"); and

WHEREAS, the Authority is authorized to execute and deliver the WIFIA Loan Agreement and the related bond pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Bond Law"); and

WHEREAS, the Authority is authorized to enter into and perform its obligations under the District Financing Agreement pursuant to Government Code Section 6504 and the Joint Exercise of Powers Agreement; and

WHEREAS, the District is authorized to enter into and perform its obligations under the District Financing Agreement and the WIFIA Loan Agreement pursuant to Government Code Section 6504 and the Joint Exercise of Powers Agreement; and

WHEREAS, the Authority, the City and the District previously executed a Memorandum of Agreement, dated March 29, 2024 (the "Original Memorandum of Agreement"), documenting their respective roles with respect to ownership, construction, operation and financing of the Project and other related matters, and the Authority, the City and the District have determined that it is in their best interests to amend the Original Memorandum of Agreement to document certain additional terms in connection with the WIFIA Loan Agreement; and

WHEREAS, the Board of Directors has duly considered such transactions and has determined to approve said transactions as being in the public interest of the District; and

WHEREAS, pursuant to Government Code Section 5852.1, certain information relating to the District's obligation to make Authority Bond Payments under the 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. Based on the information provided to the Board of Directors by District staff and consultants, all as set forth in the proceedings and documents providing for the execution and delivery of the WIFIA Loan Agreement and the District Financing Agreement, the Board of Directors hereby finds and determines that the execution and delivery of the WIFIA Loan

Agreement and the District Financing Agreement and the transactions related thereto will result in significant public benefits within the contemplation of Government Code Section 6586, namely, demonstrable savings in effective interest rate and financing costs

Section 3. The District approves the proposed financing from the U.S. EPA pursuant to the WIFIA Loan Agreement in a principal amount not to exceed $34,000,000 (excluding capitalized interest) with an interest rate not to exceed 5.25%.

Section 4. The WIFIA Loan Agreement is hereby approved in substantially the form on file with the Secretary, 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 WIFIA Loan Agreement shall constitute conclusive evidence of the Board of Directors' approval of all such changes. Each of the Authorized Officers is hereby authorized, together or alone, to execute and deliver the WIFIA Loan Agreement. The Secretary is hereby authorized to attest to the Authorized Officer's signature, where applicable.

Section 5. The District Financing Agreement is hereby approved in substantially the form on file with the Secretary, with such changes as may be approved by an Authorized Officer. Execution by an Authorized Officer of the District Financing Agreement shall constitute conclusive evidence of the Board of Directors' approval of all such changes. Each of the Authorized Officers is hereby authorized, together or alone, to execute and deliver the District Financing Agreement. The Secretary is hereby authorized to attest to the Authorized Officer's signature, where applicable.

Amounts due under the District Financing Agreement shall be payable by the District from the District Net Revenues of the Sewer Enterprise and subject to the other terms and conditions set forth in the District Financing Agreement as finally executed and delivered by the District; provided, that the principal component of the Authority Bond Payments payable by the District under the District Financing Agreement shall not exceed 50.77% of the principal amount of the WIFIA Loan (as defined in the WIFIA Loan Agreement)) and the interest rate on the principal component of the Authority Bond Payments payable by the District under the District Financing Agreement shall not exceed 5.25% per annum.

The Board of Directors hereby approves the pledge of, and creation of a lien and security interest in, all District Net Revenues under the District Financing Agreement on a parity basis with the pledge and lien of the SRF Member Agency Payments on the District Net Revenues.

Section 6. The covenants and obligations of the District set forth in the WIFIA Loan Agreement and the District Financing Agreement to be executed in accordance with Sections 3 and 4 above are hereby approved, shall be deemed to be covenants and obligations of the Board of Directors, and shall be complied with by the District and its officers.

Section 7. The Amended and Restated Memorandum of Agreement, which amends and restates the Original Memorandum of Agreement, is hereby approved in substantially the form on file with the Secretary, with such changes as may be approved by an Authorized Officer. Execution by an Authorized Officer of the Amended and Restated Memorandum of Agreement shall constitute conclusive evidence of the District's approval of all such changes. Each of the Authorized Officers is hereby authorized, together or alone, to execute and deliver the Amended and Restated Memorandum of Agreement. The Secretary is hereby authorized to attest to the Authorized Officer's signature, if applicable.

Section 8. Each Authorized Officer and the other officers and staff of the District responsible for the Project, the Sewer Enterprise or 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 this Resolution, the WIFIA Loan Agreement and the District Financing Agreement. All actions taken by an Authorized Officer and such other officers and staff of the District consistent with this Resolution, the WIFIA Loan Agreement or the District Financing Agreement are hereby ratified, approved and confirmed.

Section 9. 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 ____, 2026, 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 Authority Bond Payments under the District Financing Agreement: 4.81%

2. Finance charge of the District's Authority Bond Payments under the District Financing Agreement, being the sum of all fees and charges paid to third parties: $200,936

3. Amount of Project Funds expected to be received by the District under the 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: $16,878,629

4. Total payment amount for the Project Funds, being the sum of (a) the Authority Bond Payments to be paid by the District under the District Financing Agreement to final maturity ($40,709,294), plus (b) any financing costs not paid from proceeds of the Project Funds ($0): $40,709,294

___

**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.*

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WIFIA LOAN AGREEMENT

For Up to $33,890,228

With

DALY CITY JOINT POWERS FINANCING AUTHORITY,

CITY OF DALY CITY and

NORTH SAN MATEO COUNTY SANITATION DISTRICT

For the

VISTA GRANDE DRAINAGE BASIN IMPROVEMENT PROJECT
(WIFIA – N19124CA)

Dated as of [●], 2026

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WIFIA LOAN AGREEMENT

THIS WIFIA LOAN AGREEMENT (this "**Agreement**"), dated as of [●], 2026, is by and among **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 "**State**"), with an address at 333 90th St, Daly City, CA 94015 (the "**Borrower**"), **CITY OF DALY CITY**, a general city and municipal corporation established under the Constitution of the State, with an address at 333 90th St, Daly City, CA 94015 (the "**City**"), **NORTH SAN MATEO COUNTY SANITATION DISTRICT**, a county sanitation district and subsidiary district of the City established under the laws of the State, with an address at 333 90th St, Daly City, CA 94015 (the "**District**" and, together with the City, the "**Members**," and the Members, collectively with the Borrower, the "**Obligors**"), and the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the "**Administrator**"), with an address at 1200 Pennsylvania Avenue NW, Washington, DC 20460 (the "**WIFIA Lender**").

RECITALS:

WHEREAS, the Congress of the United States of America enacted the Water Infrastructure Finance and Innovation Act, as amended by Section 1445 of the Fixing America's Surface Transportation Act of 2015, as further amended by Section 5008 of the Water Infrastructure Improvements For the Nation Act of 2016 and by Section 4201 of America's Water Infrastructure Act of 2018 (collectively, as the same may be amended from time to time, the "**Act**" or "**WIFIA**"), which is codified as 33 U.S.C. §§ 3901-3915;

WHEREAS, the Act authorizes the WIFIA Lender to enter into agreements to provide financial assistance with one or more eligible entities to make loans with appropriate security features to finance a portion of the eligible costs of projects eligible for assistance;

WHEREAS, the Obligors previously entered into that certain Memorandum of Agreement, dated as of March 29, 2024 (the "**MOA**"), pursuant to which the parties thereto (a) allocated ownership of the Project to the City, (b) allocated responsibility for construction of the Project to the City, with 49.23% of the construction costs allocable to the Water Enterprise and 50.77% of the construction costs allocable to the Sewer Enterprise and (c) allocated responsibility for operation and maintenance of the Project to the City, with 49.23% of the operation and maintenance costs allocable to the Water Enterprise and 50.77% of the operation and maintenance costs allocable to the Sewer Enterprise.

WHEREAS, in order to provide assistance to Members in connection with financing programs of the Members, including the financing of the Project and for other financing purposes authorized under Article 4 of the Joint Powers Law and other applicable law, the Members entered into a Joint Exercise of Powers Agreement, dated as of March 1, 2021, and as amended and restated on November 1, 2022 (the "**Joint Powers Agreement**"), under which the Borrower has been organized as a joint powers authority (which is a public entity separate and apart from the Members);

WHEREAS, the Members have asked the Borrower to provide financing for the Project;

WHEREAS, the Borrower has requested that the WIFIA Lender make the WIFIA Loan (as defined herein) to the Borrower in a principal amount not to exceed $33,890,228 to be used to pay a portion of the Eligible Project Costs related to the Project pursuant to the application for WIFIA financial assistance received December 31, 2024 (the "**Application**");

WHEREAS, as of the date hereof, the Administrator has approved WIFIA financial assistance for the Project to be provided in the form of the WIFIA Loan, subject to the terms and conditions contained herein;

WHEREAS, based on the Application and the representations, warranties and covenants set forth herein, the WIFIA Lender proposes to make funding available to the Borrower for a portion of the costs of the Project through the issuance of the WIFIA Bond (as defined herein), upon the terms and conditions set forth herein;

WHEREAS, as of the date hereof, the Borrower has entered into a WIFIA FA with each of the Members, pursuant to which, inter alia, each Member has agreed to pay its Allocable Share of the principal and interest relating to the WIFIA Bond, such payments being secured by the Net Revenues;

WHEREAS, the Borrower agrees to repay any amount due pursuant to this Agreement and the WIFIA Bond in accordance with the terms and provisions of this Agreement and of the WIFIA Bond;

WHEREAS, the Borrower has agreed to pledge and assign to the WIFIA Lender and grant to the WIFIA Lender for its benefit Liens on (a) all of the Authority Revenues, (b) all of the right, title and interest (but none of the obligations) of the Borrower in the WIFIA FAs and (c) the WIFIA Debt Service Account; and

WHEREAS, the WIFIA Lender has entered into this Agreement in reliance upon, among other things, the information and representations of the Obligors set forth in the Application and the supporting information provided by the Obligors.

NOW, THEREFORE, the premises being as stated above, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged to be adequate, and intending to be legally bound hereby, it is hereby mutually agreed by and among the Obligors and the WIFIA Lender as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1. Definitions.

Unless the context otherwise requires, capitalized terms used in this Agreement shall have the meanings set forth below in this Section 1 (*Definitions*) or as otherwise defined in this Agreement. Any term used in this Agreement that is defined by reference to any other agreement shall continue to have the meaning specified in such agreement, whether or not such agreement remains in effect.

"**Act**" means the Act as defined in the recitals hereto.

"**Additional Construction Contract**" means, with respect to the Project, each Construction Contract entered into after the Effective Date.

"**Additional Obligations**" means Additional Parity Obligations and Additional Subordinated Obligations.

"**Additional Parity Obligations**" means Obligations issued or incurred on or after the Effective Date and payable from Net Revenues on a parity with the payment of the Authority Bond Payments for the purpose of paying all or a portion of the costs of a System, including the financing of all or a part of the cost of acquisition and construction of any additions to or improvements of such System, which Parity Obligations satisfy the conditions set forth in Section 15(c) (*Negative Covenants – Issuance of Parity Obligations*), including payments due under Qualified Swap Agreements.

"**Additional Subordinated Obligations**" means Obligations issued or incurred on or after the Effective Date which are expressly made subordinate and junior in right of payment from a Revenue Fund and right of security to the Parity Obligations and which comply with the provisions of Section 15(d) (*Negative Covenants – Issuance of Subordinated Obligations*).

"**Administrator**" has the meaning provided in the preamble hereto.

"**Agreement**" has the meaning provided in the preamble hereto.

"**Allocable Share**" means the portion of the proceeds of the WIFIA Bond that is allocable to each of the Members, which portion shall equal 49.23% with respect to the City and 50.77% with respect to the District.

"**Anti-Corruption Laws**" means all laws, rules and regulations of any jurisdiction from time to time concerning or relating to bribery or corruption.

"**Anti-Money Laundering Laws**" means all U.S. and other applicable laws, rules and regulations of any jurisdiction from time to time concerning or related to anti-money laundering, including but not limited to those contained in the Bank Secrecy Act and the Patriot Act.

"**Application**" has the meaning provided in the recitals hereto.

"**Authority Bond Payment Date**" means the fifth (5th) Business Day prior to each Payment Date.

"**Authority Bond Payments**" means the amounts paid by each Member under its respective WIFIA FA representing the principal and interest due on such Member's Allocable Share with respect to the WIFIA Bond, as such payments are set forth in **Appendix B** (*Authority Bond Payment Schedule*) of each WIFIA FA.

"**Authority Revenues**" means (a) the Authority Bond Payments, (b) all amounts on deposit from time to time in the WIFIA Debt Service Account and (c) income and gains with respect to the investment of amounts on deposit in the WIFIA Debt Service Account.

"**Authorized Representative**" means each of the Borrower's Authorized Representative, the City's Authorized Representative and the District's Authorized Representative.

"**Bank Secrecy Act**" means the Bank Secrecy Act of 1970, as amended, and the regulations promulgated thereunder.

"**Bankruptcy Related Event**" means, with respect to any Obligor, (a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of such Obligor or any of its debts, or of a substantial part of the assets thereof, under any Insolvency Laws, or (ii) the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for such Obligor or for a substantial part of the assets thereof and, in any case referred to in the foregoing subclauses (i) and (ii), such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered; (b) such Obligor (other than with respect to clause (iii) below, which applies to the Borrower only) shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official therefor or for a substantial part of the assets thereof, (ii) generally not be paying its debts as they become due unless such debts are the subject of a bona fide dispute, or become unable to pay its debts generally as they become due, (iii) fail to make a payment of WIFIA Debt Service in accordance with the provisions of Section 8 (*Payment of Principal and Interest*) and such failure is not cured within thirty (30) days following notification by the WIFIA Lender of failure to make such payment, (iv) make a general assignment for the benefit of creditors, (v) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (a) of this definition, (vi) commence a voluntary proceeding under any Insolvency Law, or file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief, in each case under any Insolvency Law, (vii) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing subclauses (i) through (v), inclusive, of this clause (b), or (viii) take any action for the purpose of effecting any of the foregoing; (c) (i) any Person shall commence a process pursuant to which all or a substantial part of either Member's Net Revenues or Authority Revenues may be sold or otherwise disposed of in a public or private sale or disposition pursuant to a foreclosure of the Liens thereon securing the Obligations, or (ii) any Person shall commence a process pursuant to which all or a substantial part of either Member's Net Revenues or Authority Revenues may be sold or otherwise disposed of pursuant to a sale or disposition of such Net Revenues or Authority Revenues in lieu of foreclosure; or (d) any receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official shall transfer, pursuant to directions issued by the holders of any Obligations, amounts on deposit in any of the funds or accounts of either System upon the occurrence and during the continuation of an Event of Default under this Agreement or an event of default under any Issuing Instrument for application to the prepayment or repayment of any principal amount of the Obligations other than in accordance with the provisions of this Agreement.

"**Base Case Financial Model**" means a financial model prepared by the Members (or the City on behalf of the Members) forecasting the capital costs of the Systems (including the Project) and the rates, revenues, operating expenses and major maintenance requirements of the Systems (including the Project) for time periods through the Final Maturity Date and based upon assumptions and methodology provided by the Members (or the City on behalf of the Members) and acceptable to the WIFIA Lender as of the Effective Date, which model shall be provided to the WIFIA Lender as a fully functional Microsoft Excel-based financial model or such other format requested by the WIFIA Lender.

"**Borrower**" has the meaning provided in the preamble hereto.

"**Borrower's Authorized Representative**" means any Person who shall be designated as such pursuant to Section 21 (*Obligors' Authorized Representatives*).

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which offices of the Government or the State are authorized to be closed or on which commercial banks are authorized or required by law, regulation or executive order to be closed in New York, New York or Daly City, California.

"**City**" has the meaning provided in the preamble hereto.

"**City Flow of Funds**" means the requirements specified in Section 4(b) (*Water Fund; Application of Revenues*) of the WIFIA City FA, a copy of which is set forth in Part A (*City Flow of Funds*) of **SCHEDULE IV** (*Flows of Funds*).

"**City Maintenance and Operation Costs**" means the reasonable and necessary costs paid or incurred by the City for maintaining and operating the Water Enterprise, determined in accordance with GAAP, including (a) all reasonable expenses of management, repair and all other expenses necessary to maintain and preserve the Water Enterprise in good repair and working order; (b) all reasonable and necessary administrative costs of the City that are charged directly or apportioned to the operation of the Water Enterprise, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses and charges to operate the Water Enterprise and insurance premiums; and (c) amounts reasonably required to be set aside in an operations and maintenance contingency reserve for such costs the payment of which is not immediately required and which shall not exceed, for purposes of constituting City Maintenance and Operation Costs for a Fiscal Year that can be paid prior to Debt Service on Outstanding Parity Obligations, the City O&M Reserve Amounts, (for clarity nothing in this clause (c) shall limit the aggregate amount of City O&M Reserve Amounts or the amount of City Net Revenues for a Fiscal Year or any prior Fiscal Year that can be deposited into an operations and maintenance contingency reserve from amounts in the Water Fund pursuant to clause (f) of the City Flow of Funds), but excluding, in all cases (i) depreciation, replacement, and obsolescence charges or reserves therefor and amortization of intangibles, (ii) all costs paid from the proceeds of taxes received by the City and (iii) all interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the City, and payments pursuant to a Qualified Swap Agreement. For the avoidance of doubt, "City Maintenance and Operation Costs" includes amounts payable for maintenance and operation under the Joint Powers Agreement, the MOA and equivalent agreements entered into between the City and the Borrower with respect to other projects, but does not include payments made by the City under the Joint Powers Agreement in respect of debt service on notes, bonds or other obligations issued by the City or the Borrower.

"**City Net Revenues**" for any Fiscal Year means the City Revenues for such Fiscal Year less all City Maintenance and Operation Costs for such Fiscal Year.

"**City O&M Reserve Amounts**" means five percent (5%) of the budgeted City Maintenance and Operations Costs set forth in the then current adopted budget.

"**City Revenues**" means, for each Fiscal Year, all gross income and revenue received by the City from the ownership or operation of the Water Enterprise, determined in accordance with GAAP, including (a) all rates, fees, and charges (including connection fees and charges) as received by the City for services of the Water Enterprise; (b) amounts transferred into the Water Fund from the Rate Stabilization Fund of the City and (c) all other income and revenue howsoever derived by the City from the ownership or operation of the Water Enterprise or arising from the Water Enterprise, including all income from the deposit or investment of any money in the Water Fund or the Rate Stabilization Fund or held on the City's behalf, *minus* amounts, if any, withdrawn by the City from City Revenues during such Fiscal Year for deposit in the Rate Stabilization Fund of the City, *and minus* any moneys derived from refundable deposits and advances or contributions.

"**City's Authorized Representative**" means any Person who shall be designated as such pursuant to Section 21 (*Obligors' Authorized Representatives*).

"**Closing Certificate**" has the meaning provided in Section 11(a)(vi) (*Conditions Precedent – Conditions Precedent to Effectiveness*).

"**Code**" means the Internal Revenue Code of 1986, or any successor tax code, as amended from time to time, and the applicable regulations proposed or promulgated thereunder.

"**Congress**" means the Congress of the United States of America.

"**Construction Contract**" means, with respect to the Project, any prime contract entered into by any Member that involves any construction activity (such as demolition, site preparation, civil works construction, installation, remediation, refurbishment, rehabilitation, or removal and replacement services) for the Project. For the avoidance of doubt, "**Construction Contract**" shall include each Existing Construction Contract and, upon the effectiveness thereof, each Additional Construction Contract.

"**Construction Contractor**" means any Person (other than any Obligor) party to a Construction Contract.

“**Construction Period**” means the period from the Effective Date through the Substantial Completion Date.

“**Construction Period Servicing Fee**” has the meaning set forth in Section 10(a)(ii) (*Fees and Expenses – Fees*).

“**Construction Schedule**” means (a) the initial schedule or schedules on which the construction timetables for the Project are set forth, attached as **Schedule II** (*Construction Schedule*), and (b) any updates thereto included in the Construction Monitoring Report most recently submitted to the WIFIA Lender pursuant to Section 16(d) (*Reporting Requirements – Construction Reporting*).

“**Consultant**” means a consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm retained by a Member 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 Accountants licensed to practice in the State.

“**CPI**” means the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100 (not seasonally adjusted) or its successor, published by the Bureau of Labor Statistics, currently available at https://www.bls.gov/news.release/cpi.t01.htm.

“**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 a Member to pay from its Revenue Fund amounts due under a Credit Support Agreement, including 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 a Member 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, with respect to any Member for any Fiscal Year, the aggregate amount of principal and interest scheduled to become due (either at maturity or by mandatory redemption) on all Outstanding Parity Obligations; provided that the following adjustments and assumptions shall be made:

(a) principal payments (unless a different paragraph 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 Outstanding Parity 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 Index, or its successor index, during the twenty-four (24) months preceding the date of such calculation;

(c) interest on a variable rate Outstanding Parity 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 twenty-four (24) months preceding the date of such calculation;

(d) interest on a variable rate Outstanding Parity 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 Outstanding Parity 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 paragraph (b) or (c) above of this definition of Debt Service;

(f) payments of principal and interest on an Outstanding Parity Obligation are excluded from the calculation of Debt Service to the extent such payments are to be paid from amounts then currently on deposit with a trustee or other fiduciary and restricted for the defeasance of such Outstanding Parity Obligation; and

(g) if twenty-five percent (25%) or more of the principal of an Outstanding Parity Obligation is not due until its final stated maturity, then principal and interest on that Outstanding Parity Obligation may be projected to amortize over the lesser of thirty (30) years or the useful life of the financed asset, and interest may be calculated according to paragraphs (b) to (e) above of this definition of Debt Service, as appropriate.

"**Debt Service Payment Commencement Date**" means the earlier to occur of (a) the first Payment Date immediately following the Initial Disbursement Date, as set forth in the WIFIA Loan Amortization Schedule, as such schedule may be adjusted in accordance with Section 8(d) (*Adjustments to WIFIA Loan Amortization Schedule*) and (b) the Payment Date falling closest to, but not later than, the fifth (5^{th}) anniversary of the Substantial Completion Date.

"**Default**" means any event or condition that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"**Default Rate**" means an interest rate equal to the sum of (a) the WIFIA Interest Rate plus (b) two hundred (200) basis points.

"**Development Default**" means (a) either Member abandons work or fails, in the reasonable judgment of the WIFIA Lender, to diligently prosecute the work related to the Project or (b) Substantial Completion of the Project fails to occur on a date on or before August 22, 2031.

"**District**" has the meaning provided in the preamble hereto.

"**District Flow of Funds**" means the requirements specified in Section 4(b) (*Sewer Funds; Application of Revenues*) of the WIFIA District FA, a copy of which is set forth in Part B (*District Flow of Funds*) of **SCHEDULE IV** (*Flows of Funds*).

"**District Maintenance and Operation Costs**" means the reasonable and necessary costs paid or incurred by the District for maintaining and operating the Sewer Enterprise, determined in accordance with GAAP, including (a) all reasonable expenses of management, repair and all other expenses necessary to maintain and preserve the Sewer Enterprise in good repair and working order; (b) all reasonable and necessary administrative costs of the District that are charged directly or apportioned to the operation of the Sewer Enterprise, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses and charges to operate the Sewer Enterprise and insurance premiums; and (c) amounts reasonably required to be set aside in an operations and maintenance contingency reserve for such costs the payment of which is not immediately required and which shall not exceed, for purposes of constituting District Maintenance and Operation Costs for a Fiscal Year that can be paid prior to Debt Service on Outstanding Parity Obligations, the District O&M Reserve Amounts, (for clarity nothing in this clause (c) shall limit the aggregate amount of District O&M Reserve Amounts or the amount of District Net Revenues for a Fiscal Year or any prior Fiscal Year that can be deposited into an operations and maintenance contingency reserve from amounts in the Sewer Fund pursuant to clause (f) of the District Flow of Funds), but excluding, in all cases (i) depreciation, replacement, and obsolescence charges or reserves therefor and amortization of intangibles, (ii) all costs paid from the proceeds of taxes received by the District and (iii) all interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the District, and payments pursuant to a Qualified Swap Agreement. For the avoidance of doubt, "District Maintenance and Operation Costs" includes amounts payable for maintenance and operation under the Joint Powers Agreement, the MOA and equivalent agreements entered into between the District and the Borrower with respect to other projects, 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 District or the Borrower.

"**District Net Revenues**" for any Fiscal Year means the District Revenues for such Fiscal Year less all District Maintenance and Operation Costs for such Fiscal Year.

"**District O&M Reserve Amounts**" means five percent (5%) of the budgeted District Maintenance and Operations Costs set forth in the then current adopted budget.

"**District Revenues**" means, for each Fiscal Year, all gross income and revenue received by the District from the ownership or operation of the Sewer Enterprise, determined in accordance with GAAP, including (a) all rates, fees, and charges (including connection fees and charges) as received by the District for Sewer Service; (b) amounts transferred into the Sewer Fund from the Rate Stabilization Fund of the District and (c) all other income and revenue howsoever derived by the District from the ownership or operation of the Sewer Enterprise or arising from the Sewer Enterprise, including all income from the deposit or investment of any money in the Sewer Fund or the Rate Stabilization Fund of the District or held on the District's behalf, *minus* amounts, if any, withdrawn by the District from District Revenues during such Fiscal Year for deposit in the Rate Stabilization Fund of the District, *and minus* any moneys derived from refundable deposits and advances or contributions.

"**District's Authorized Representative**" means any Person who shall be designated as such pursuant to Section 21 (*Obligors' Authorized Representatives*).

"**Dollars**" and "**$**" means the lawful currency of the United States of America.

"**Effective Date**" means the date of this Agreement.

"**Eligible Project Costs**" means amounts in the Project Budget approved by the WIFIA Lender, which are paid by or for the account of any Obligor in connection with the Project (including, as applicable, Project expenditures incurred prior to the receipt of WIFIA credit assistance), which shall arise from the following:

(a) development-phase activities, including planning, feasibility analysis (including any related analysis necessary to carry out an eligible project), revenue forecasting, environmental review, permitting, preliminary engineering and design work and other preconstruction activities;

(b) construction, reconstruction, rehabilitation, and replacement activities;

(c) the acquisition of real property or an interest in real property (including water rights, land relating to the Project and improvements to land), environmental mitigation (including acquisitions pursuant to Section 33 U.S.C. § 3905(8)), construction contingencies, and acquisition of equipment; or

(d) capitalized interest (with respect to Obligations other than the WIFIA Loan) necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction,

provided that Eligible Project Costs must be consistent with all applicable federal law, including the Act.

"**Eligible Project Costs Documentation**" has the meaning provided in Section 1 (*General Requirements*) of **Exhibit B-1** (*Requisition Procedures and Form of Requisition*).

"**EMMA**" means the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)1 of the Securities Exchange Act of 1934, as amended, and its successors.

"**Environmental Laws**" has the meaning provided in Section 12(q) (*Representations and Warranties of Obligors – Environmental Matters*).

"**EPA**" means the United States Environmental Protection Agency.

"**Event of Default**" has the meaning provided in Section 17(a) (*Events of Default and Remedies*).

"**Event of Loss**" means any event or series of events that causes any portion of either System to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever, including through a casualty, a failure of title, or any loss of such property through eminent domain.

"**Existing Parity Obligations**" means the Obligations listed and described in Part A (*Parity Obligations of the City*) and Part B (*Parity Obligations of the District*) of **Schedule III** (*Existing Indebtedness*).

"**Existing Construction Contract**" means each Construction Contract with respect to the Project in effect as of the Effective Date and set forth in Part A (*Existing Construction Contracts*) of **SCHEDULE V** (*Construction Contracts*).

"**Existing Subordinated Obligations**" means the Obligations listed and described in Part C (*Subordinated Obligations of the City*) and Part D (*Subordinated Obligations of the District*) of **Schedule III** (*Existing Indebtedness*).

"**Federal Fiscal Year**" means the fiscal year of the Government, which is the twelve (12) month period that ends on September 30 of the specified calendar year and begins on October 1 of the preceding calendar year.

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

"**Final Disbursement Date**" means the earliest of (a) the date on which the WIFIA Loan has been disbursed in full; (b) the last anticipated date of disbursement set forth in the then-current WIFIA Loan Disbursement Schedule; (c) the date on which the Borrower has certified to the WIFIA Lender that it will not request any further disbursements under the WIFIA Loan; (d) the date on which the WIFIA Lender terminates its obligations relating to disbursements of any undisbursed amounts of the WIFIA Loan in accordance with Section 17 (*Events of Default and Remedies*); and (e) the date that is one (1) year after the Substantial Completion Date.

"**Final Maturity Date**" means the earlier of (a) July 1, 2064 (or such earlier date as is set forth in an updated **SCHEDULE VI** (*WIFIA Loan Amortization Schedule*) pursuant to Section 8(d) (*Payment of Principal and Interest – Adjustments to WIFIA Loan Amortization*

Schedule)); and (b) the Principal Payment Date immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date.

"**Financial Statements**" has the meaning provided in Section 12(u) (*Representations and Warranties of Obligors – Financial Statements*).

"**Fiscal Year**" means, with respect to any Obligor (a) a fiscal year of such Obligor commencing on July 1 of any calendar year and ending on June 30 of the immediately succeeding calendar year or (b) such other fiscal year as such Obligor may hereafter adopt after giving thirty (30) days' prior written notice to the WIFIA Lender in accordance with Section 15(i) (*Negative Covenants – Fiscal Year*).

"**Flows of Funds**" means, together, the City Flow of Funds and the District Flow of Funds.

"**Funds and Accounts**" means the WIFIA Debt Service Account, the Rate Stabilization Funds and the Revenue Funds.

"**GAAP**" means generally accepted accounting principles for U.S. state and local governments, as established by the Government Accounting Standards Board (or any successor entity with responsibility for establishing accounting rules for governmental entities), in effect from time to time in the United States of America.

"**Government**" means the United States of America and its departments and agencies.

"**Governmental Approvals**" means all authorizations, consents, approvals, waivers, exceptions, variances, filings, permits, orders, licenses, exemptions and declarations of or with any Governmental Authority.

"**Governmental Authority**" means any federal, state, provincial, county, city, town, village, municipal or other government or governmental department, commission, council, court, board, bureau, agency, authority or instrumentality (whether executive, legislative, judicial, administrative or regulatory), of or within the United States of America or its territories or possessions, including the State and its counties and municipalities, and their respective courts, agencies, instrumentalities and regulatory bodies, or any entity that acts "on behalf of" any of the foregoing, whether as an agency or authority of such body.

"**Indemnitee**" has the meaning provided in Section 32 (*Indemnification*).

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

"**Initial Disbursement Date**" means the date of the first disbursement of the WIFIA Loan.

"**Insolvency Laws**" means the United States Bankruptcy Code, 11 U.S.C. § 101 *et seq*., as from time to time amended and in effect, and any state bankruptcy, insolvency, receivership, conservatorship or similar law now or hereafter in effect.

"**Interest Payment Date**" means each January 1 and July 1.

"**Interim Financing**" means interim bond anticipation notes, commercial paper or other short-term temporary financing, in each case with a maturity not later than five (5) years following the issuance or incurrence thereof.

"**Investment Grade Rating**" means a rating of 'BBB-,' 'Baa3,' 'bbb-,' 'BBB (low),' or higher, from a Nationally Recognized Rating Agency.

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

"**Joint Powers Agreement**" has the meaning provided in the recitals hereto.

"**Lien**" means any mortgage, pledge, hypothecation, assignment, mandatory deposit arrangement, encumbrance, attachment, lien (statutory or other), charge or other security interest, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including any sale-leaseback arrangement, any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, and the filing of any financing statement or similar instrument under the UCC or any other applicable law.

"**Loss Proceeds**" means any proceeds of builders' risk or casualty insurance (other than any proceeds from any policy of business interruption insurance insuring against loss of revenues upon the occurrence of certain casualties or events covered by such policy of insurance) or proceeds of eminent domain proceedings resulting from any Event of Loss.

"**Maintenance and Operation Costs**" means (a) with respect to the City, the City Maintenance and Operation Costs, and (b) with respect to the District, the District Maintenance and Operation Costs.

"**Material Adverse Effect**" means a material adverse effect on (a) the System, the Project, either Member's Net Revenues or the Authority Revenues, (b) the business, operations, properties, condition (financial or otherwise) or prospects of any Obligor, (c) the legality, validity or enforceability of any material provision of any WIFIA Loan Document, (d) the ability of any Obligor to enter into, perform or comply with any of its material obligations under any WIFIA Loan Document, (e) the validity, enforceability or priority of the Liens provided under the WIFIA Loan Documents on the Net Revenues or the Authority Revenues or (f) the WIFIA Lender's rights or remedies available under any WIFIA Loan Document.

"**Maximum Annual Debt Service**" means, with respect to any Member, the maximum amount of Debt Service due on any Outstanding Parity Obligations in any Fiscal Year during the period commencing with the Fiscal Year for which such calculation is made and within the next five (5) years in which Debt Service for such Outstanding Parity Obligations of such Member will become due.

"**Members**" has the meaning provided in the preamble hereto.

"**MOA**" has the meaning provided in the recitals hereto.

"**Nationally Recognized Rating Agency**" means any nationally recognized statistical rating organization identified as such by the Securities and Exchange Commission.

"**NEPA**" means the National Environmental Policy Act of 1969, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time.

"**NEPA Determination**" means the Record of Decision for the Project issued by EPA on July 8, 2025 in accordance with NEPA.

"**Net Loss Proceeds**" means Loss Proceeds after excluding any proceeds of delay-in-start-up insurance and proceeds covering liability of a Member to third parties.

"**Net Revenues**" means (a) collectively, the City Net Revenues and the District Net Revenues, (b) with respect to the City only, the City Net Revenues and (c) with respect to the District only, the District Net Revenues.

"**Obligations**" means, with respect to a Member, the following obligations payable from or secured by Net Revenues: (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 GAAP), which are payable from such Member's Revenue Fund; (b) obligations to replenish any debt service reserve fund with respect to obligations of such Member described in clause (a) of this definition; (c) obligations secured by or payable from any of obligations of such Member described in clause (a) of this definition; (d) obligations payable from such Member's Revenue Fund and entered into in connection with, relating to, or otherwise serving as a hedge with respect to, an obligation described in clauses (a), (b) or (c) of this definition under (i) any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, (ii) any contract of such Member to exchange cash flows or a series of payments, or (iii) any contract of such Member 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 of such Member.

"**Obligors**" has the meaning provided in the preamble hereto.

"**OFAC**" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"**Operating Period Servicing Fee**" has the meaning set forth in Section 10(a)(iii) (*Fees and Expenses – Fees*).

"**Organizational Documents**" means, with respect to any Obligor: (a) the constitutional and statutory provisions that are the basis for the existence and authority of such Obligor, including any enabling statutes, ordinances or public charters and any other organic laws establishing such Obligor and (b) the resolutions, bylaws, code of regulations, operating procedures or other organizational documents (including any amendments, modifications or supplements thereto) of or adopted by such Obligor by which such Obligor, its powers, operations or procedures or its securities, bonds, notes or other obligations are governed or from which such powers are derived.

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

"**Outstanding WIFIA Loan Balance**" means (a) the aggregate principal amount of the WIFIA Loan drawn by the Borrower minus (b) the aggregate principal amount of the WIFIA Loan repaid by the Borrower, as determined in accordance with Section 8(d) (*Payment of Principal and Interest – Adjustments to WIFIA Loan Amortization Schedule*).

"**Parity Obligations**" means (a) the Authority Bond Payments, (b) the Existing Parity Obligations and (c) any Additional Parity Obligations.

"**Patriot Act**" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended, and all regulations promulgated thereunder.

"**Payment Date**" means each Interest Payment Date and each Principal Payment Date.

"**Payment Default**" has the meaning provided in Section 17(a)(i) (*Events of Default and Remedies – Payment Default*).

"**Permitted Investments**" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) Federal Securities;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association; and (iv) consolidated system-wide bonds and notes of the Farm Credit System;

(c) money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAm-G or AAm;

(d) certificates of deposit, demand deposits, time deposits, other deposit products, interest bearing deposits, interest bearing money market accounts, overnight bank deposits, trust funds, trust accounts and bankers' acceptances which have a maturity not greater than one (1) year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated "A-1+" or better by S&P;

(e) certificates of deposit, savings accounts, deposit accounts or money market deposits, other deposit products, trust funds, trust accounts, overnight bank deposits, interest bearing deposits, interest bearing money market accounts and bankers' acceptances issued by banks having reported capital and surplus of at least $15,000,000;

(f) commercial paper having original maturities of not more than twenty-seven (27) days, rated at the time of investment "A-1+" or better by S&P at the time of purchase;

(g) direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated at least "A-" by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured obligation debt is so rated;

(h) direct general short-term obligations of any state or state agency or subdivision or agency thereof described in paragraph (g) above and rated at least "A-1+" by S&P;

(i) federal funds or bankers' acceptances with a maximum term of one (1) year of any bank or bank deposit products with an unsecured, uninsured and unguaranteed obligation rating of at least "A-1+" by S&P;

(j) any investment agreement (including guaranteed investment contracts, forward delivery agreements, repurchase agreements or similar obligations) with, or guaranteed by, an entity the long-term unsecured obligations or the claims paying ability of which are rated A or better by a Nationally Recognized Rating Agency (without regard to gradations or modifiers within such category) at the time of initial investment;

(k) the Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State; and

(l) any other investment permitted by law.

"**Permitted Liens**" means:

(a) Liens imposed pursuant to the WIFIA Loan Documents and the other Issuing Instruments;

(b) Liens imposed by law, including Liens for taxes that are not yet due or are being contested in compliance with Section 14(k) (*Affirmative Covenants – Material Obligations; Payment of Claims*);

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 14(k) (*Affirmative Covenants – Material Obligations; Payment of Claims*);

(d) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance, and other social security laws or regulations;

(e) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(f) judgment Liens in respect of judgments that do not constitute an Event of Default under Section 17(a)(vi) (*Events of Default and Remedies – Material Adverse Judgment*); and

(g) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that, in any case, do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of any Obligor.

"**Person**" means and includes an individual, a general or limited partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and any Governmental Authority.

"**Principal Payment Date**" means each July 1.

"**Project**" means the Vista Grande Drainage Basin Improvement project, located in City of Daly City, California, and consists of improvements to the regional stormwater drainage system infrastructure to manage flooding and enhance stormwater discharges to the Pacific Ocean.

"**Project Budget**" means the budget for the Project attached to this Agreement as **Schedule I** (*Project Budget*) showing a summary of Total Project Costs with a breakdown of all Eligible Project Costs and the estimated sources and uses of funds for the Project.

"**Projected Substantial Completion Date**" means August 22, 2029, as such date may be adjusted in accordance with Section 16(d) (*Reporting Requirements – Construction Reporting*).

"**Public Benefits Report**" has the meaning provided in Section 16(e) (*Reporting Requirements – Public Benefits Report*).

"**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 15(c)(i) (*Negative Covenants – Issuance of Parity Obligations*), intended to place Parity Obligations or the applicable investments on the interest rate, currency, cash flow or other basis desired by a Member, including 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 an interest rate floor or cap, or an option, put or call, to hedge payment, currency, rate, spread or similar exposure, between either Member and a counterparty.

"**Rate Covenant**" means the requirements specified in Section 14(a)(i) (*Affirmative Covenants – Rate Covenant*).

"**Rate Stabilization Fund**" means (a) with respect to the City, the rate stabilization fund of the City established pursuant to Section 12 of the WIFIA City FA, and (b) with respect to the District, the rate stabilization fund of the District established pursuant to Section 12 of the WIFIA District FA.

"**Refunding Parity Obligations**" means Parity Obligations issued for the purpose of refunding all or any portion of the Outstanding Parity Obligations and satisfying the conditions set forth in Section 15(c)(iii) (*Negative Covenants – Issuance of Parity Obligations*).

"**Related Documents**" means the WIFIA Loan Documents and the Issuing Instruments.

"**Requisition**" has the meaning provided in Section 4(a) (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*).

"**Revenues**" means (a) collectively, the City Revenues and the District Revenues, (b) with respect to the City only, the City Revenues and (c) with respect to the District only, the District Revenues.

"**Revenue Fund**" means (a) with respect to the City, the Water Fund and (b) with respect to the District, the Sewer Fund. The Water Fund and the Sewer Fund, together, are referred to as the "**Revenue Funds**."

"**Sanctioned Country**" means, at any time, a country or territory which is itself the subject or target of any Sanctions.

"**Sanctioned Person**" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country, or (c) any Person owned or controlled by any such Person or Persons.

"**Sanctions**" means economic or financial sanctions or trade embargoes imposed, administered, or enforced from time to time by the Government, including those administered by OFAC or the U.S. Department of State.

"**Sanctions Laws**" means collectively, any applicable anti-drug trafficking, anti-terrorism, anti-money laundering, anti-bribery, or anti-corruption laws or regulations, as applicable, including those contained in the Bank Secrecy Act and the Patriot Act.

"**Servicer**" means such entity or entities as the WIFIA Lender shall designate from time to time to perform, or assist the WIFIA Lender in performing, certain duties hereunder.

"**Servicing Fee**" means the Servicing Set-Up Fee and any Construction Period Servicing Fee or Operating Period Servicing Fee.

"**Servicing Set-Up Fee**" has the meaning set forth in Section 10(a)(i) (*Fees and Expenses – Fees*).

"**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 established and held by the District with respect to the Sewer Enterprise for the receipt and deposit of District Revenues.

"**Sewer Service**" means the service 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 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 applicable Member.

"**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 a Member from its Revenue Fund to be applied to the retirement of such Parity Obligations on and prior to the stated maturity date thereof.

"**SOFR**" means the Secured Overnight Financing Rate.

"**State**" has the meaning provided in the preamble hereto.

"**Subordinated Obligations**" means the Existing Subordinated Obligations and any Additional Subordinated Obligations.

"**Substantial Completion**" means, with respect to the Project, the stage at which the Project is able to perform the functions for which the Project is designed.

"**Substantial Completion Date**" means the date on which the Members (or the City on behalf of the Members) certify to the WIFIA Lender, with evidence satisfactory to the WIFIA Lender, that Substantial Completion has occurred.

"**System**" means (a) with respect to the City, the Water Enterprise and (b) with respect to the District, the Sewer Enterprise. The Sewer Enterprise and the Water Enterprise, together, are referred to as the "**Systems**."

"**S&P**" means Standard & Poor's Ratings Services, its successors and assigns.

"**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 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.

"**Technical and Rate Consultant**" means a single individual or firm, or a combination of one or more individuals or firms, not related to any Obligor and considered independent with respect to each Obligor (i.e. not an employee of any Obligor or any affiliate of any Obligor) authorized to do business in and qualified to practice in the areas required to provide the services required of the Technical and Rate Consultant, that together have expertise in the technical requirements for operation and maintenance of systems similar in size and scope to the Systems and delivering the services provided by the Systems, and establishing rates and charges for governmental water or wastewater systems similar in size and scope to the Systems, selected by a Member and reasonably acceptable to the WIFIA Lender.

"**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.

"**Total Project Costs**" means (a) the costs paid or incurred or to be paid or incurred by the Obligors in connection with or incidental to the acquisition, design, construction and equipping of the Project, including legal, administrative, engineering, planning, design, insurance and financing (including costs of issuance); (b) amounts, if any, required by any WIFIA Loan Document or Issuing Instrument to be paid into any fund or account upon the incurrence of the WIFIA Loan or any other Obligation, in each case in respect of the Project; (c) payments when due (whether at the maturity of principal, the due date of interest, or upon optional or mandatory prepayment) in respect of any indebtedness of any Obligor in connection with the Project (other than the WIFIA Loan); and (d) costs of equipment and supplies and initial working capital and reserves required by the Obligors for the commencement of operation of the Project, including general administrative expenses and overhead of the Obligors.

"**UEI Number**" means, with respect to any Person, a Unique Entity Identifier number issued by the Federal Government (including through SAM.gov) as the unique entity identifier for such Person.

"**Uncontrollable Force**" means any cause beyond the control of the Obligors, including: (a) a hurricane, tornado, flood or similar occurrence, landslide, earthquake, fire or other casualty, strike or labor disturbance, freight embargo, act of a public enemy, explosion, war, blockade, terrorist act, insurrection, riot, general arrest or restraint of government and people, civil disturbance or similar occurrence, sabotage, pandemic or act of God (provided that no Obligor shall be required to settle any strike or labor disturbance in which it may be involved) or (b) the order or judgment of any federal, state or local court, administrative agency or governmental officer or body, if it is not also the result of willful or negligent action or a lack of reasonable diligence of any Obligor and no Obligor controls the administrative agency or governmental officer or body; provided that the diligent contest in good faith of any such order or judgment shall not constitute or be construed as a willful or negligent action or a lack of reasonable diligence of an Obligor.

"**Uniform Commercial Code**" or "**UCC**" means the Uniform Commercial Code, as in effect from time to time in the State.

"**Updated Financial Model**" means the Base Case Financial Model, updated in accordance with Section 16(a) (*Reporting Requirements – Updated Financial Model*).

"**Water Enterprise**" 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 Water Enterprise, together with all additions, betterments, extensions, or improvements to such facilities, properties, structures, or works, or any part thereof hereafter acquired and constructed.

"**Water Fund**" means the fund or funds established and held by the City with respect to the Water Enterprise for the receipt and deposit of City Revenues.

"**WIFIA**" has the meaning provided in the recitals hereto.

"**WIFIA Bond**" means the bond issued and delivered by the Borrower in substantially the form of **Exhibit A** (*Form of WIFIA Bond*).

"**WIFIA Borrower Resolution**" means Resolution No. __, adopted by the board of the Borrower on [●], 2026, authorizing the execution and delivery of this Agreement, the WIFIA Bond and the WIFIA FAs, and certain related actions by the Borrower in connection with the issuance of the WIFIA Loan.

"**WIFIA City FA**" means that certain Financing Agreement, dated as of the date hereof, by and between the City and the Borrower with respect to the Project.

"**WIFIA City Resolution**" means Resolution No.__, adopted by the City Council of the City on [●], 2026, authorizing the execution and delivery of this Agreement and the City FA and certain related actions by the City in connection with the issuance of the WIFIA Loan.

"**WIFIA CUSIP Number**" has the meaning provided in Section 11(a)(vi)(F) (*Conditions Precedent to Effectiveness*).

"**WIFIA Debt Service**" means with respect to any Payment Date occurring on or after the Debt Service Payment Commencement Date, the principal portion of the Outstanding WIFIA Loan Balance and any interest payable on such Outstanding WIFIA Loan Balance (including interest accruing after the date of any filing by the Borrower of any petition in bankruptcy or the commencement of any bankruptcy, insolvency or similar proceeding with respect to the Borrower), in each case, (a) as set forth on the WIFIA Loan Amortization Schedule and (b) due and payable on such Payment Date in accordance with the provisions of Section 8(a) (*Payment of Principal and Interest – Payment of WIFIA Debt Service*).

"**WIFIA Debt Service Account**" means the debt service account of the Borrower established and maintained pursuant to Section 14(i) (*Affirmative Covenants – WIFIA Debt Service Account*).

"**WIFIA District FA**" means that certain Financing Agreement, dated as of the date hereof, by and between the District and the Borrower with respect to the Project.

"**WIFIA District Resolution**" means Resolution No. __, adopted by the board of the District on [●], 2026, authorizing the execution and delivery of this Agreement and the WIFIA District FA and certain related actions by the District in connection with the issuance of the WIFIA Loan.

"**WIFIA FAs**" means, together, the WIFIA City FA and the WIFIA District FA.

"**WIFIA Interest Rate**" has the meaning provided in Section 6 (*Interest Rate*).

"**WIFIA Lender**" has the meaning provided in the preamble hereto.

"**WIFIA Lender's Authorized Representative**" means the Administrator and any other Person who shall be designated as such pursuant to Section 22 (*WIFIA Lender's Authorized Representative*).

"**WIFIA Loan**" means the secured loan made by the WIFIA Lender to the Borrower on the terms and conditions set forth herein, pursuant to the Act, in a principal amount not to exceed $33,890,228, to be used in respect of Eligible Project Costs.

"**WIFIA Loan Amortization Schedule**" means the loan amortization schedule reflected in **SCHEDULE VI** (*WIFIA Loan Amortization Schedule*), as adjusted from time to time in accordance with Section 8(d) (*Payment of Principal and Interest – Adjustments to WIFIA Loan Amortization Schedule*).

"**WIFIA Loan Disbursement Schedule**" means the disbursement schedule set forth in **SCHEDULE VI** (*WIFIA Loan Amortization Schedule*), reflecting the anticipated disbursement of proceeds of the WIFIA Loan, as such schedule may be adjusted from time to time pursuant to Section 4(b) (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*).

"**WIFIA Loan Documents**" means this Agreement, the WIFIA Bond, the WIFIA FAs and the WIFIA Resolutions.

"**WIFIA Resolutions**" means, collectively, the WIFIA City Resolution, the WIFIA District Resolution and the WIFIA Borrower Resolution.

Section 2. Interpretation.

(a) Unless the context shall otherwise require, the words "hereto," "herein," "hereof" and other words of similar import refer to this Agreement as a whole.

(b) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and vice versa.

(c) Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise require.

(d) The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation."

(e) Whenever an Obligor's knowledge is implicated in this Agreement or the phrase "to any Obligor's knowledge" or a similar phrase is used in this Agreement, such Obligor's knowledge or such phrase(s) shall be interpreted to mean to the best of such Obligor's knowledge after reasonable and diligent inquiry. Unless the context shall otherwise require, references to any Person shall be deemed to include such Person's successors and permitted assigns.

(f) Unless the context shall otherwise require, references to preambles, recitals, sections, subsections, clauses, schedules, exhibits, appendices and provisions are to the applicable preambles, recitals, sections, subsections, clauses, schedules, exhibits, appendices and provisions of this Agreement.

(g) The schedules and exhibits to this Agreement, and the appendices and schedules to such exhibits, are hereby incorporated by reference and made an integral part of this Agreement.

(h) The headings or titles of this Agreement and its sections, schedules or exhibits, as well as any table of contents, are for convenience of reference only and shall not define or limit its provisions.

(i) Unless the context shall otherwise require, all references to any resolution, contract, agreement, lease or other document shall be deemed to include any amendments or supplements to, or modifications or restatements or replacements of, such documents that are approved from time to time in accordance with the terms thereof and hereof.

(j) Every request, order, demand, application, appointment, notice, statement, certificate, consent or similar communication or action hereunder by any party shall, unless otherwise specifically provided, be delivered in writing in accordance with Section 31 (*Notices*) and signed by a duly authorized representative of such party.

(k) References to "disbursements of WIFIA Loan proceeds" or similar phrasing shall be construed as meaning the same thing as "paying the purchase price of the WIFIA Bond."

(l) Whenever this Agreement requires a change in principal amount, interest rate or amortization schedule of the WIFIA Loan, it is intended that such change be reflected in the WIFIA Bond. Whenever there is a prepayment of the WIFIA Loan, it is intended that such prepayment be implemented through a prepayment of the WIFIA Bond.

(m) Whenever this Agreement sets forth a time period for a number of days by when a deliverable must be provided or an action must be taken, such time period shall be computed on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months.

ARTICLE II
THE WIFIA LOAN

Section 3. WIFIA Loan Amount. The principal amount of the WIFIA Loan shall not exceed $33,890,228. WIFIA Loan proceeds available to be drawn shall be disbursed from time to time in accordance with Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) and Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*).

Section 4. Disbursement Conditions; Quarterly Approval of Eligible Project Costs.

(a) WIFIA Loan proceeds shall be disbursed solely in respect of Eligible Project Costs paid or incurred and approved for payment by or on behalf of an Obligor in connection with the Project, including for the purpose of paying or redeeming, in whole or in part, amounts owed by the Borrower under an Interim Financing the proceeds of which were applied to pay Eligible Project Costs. Each disbursement of the WIFIA Loan shall be made pursuant to a requisition and certification (a "**Requisition**") in the form set forth in **Appendix 1** (*Form of Requisition*) to **Exhibit B-1** (*Requisition Procedures and Form of Requisition*), along with all documentation and other information required thereby, submitted by the Obligors (or the City on behalf of the Obligors) to, and approved by, the WIFIA Lender, all in accordance with the procedures of **Exhibit B-1** (*Requisition Procedures and Form of Requisition*) and subject to the requirements of this Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) and the conditions set forth in Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*); provided that no disbursements of WIFIA Loan proceeds shall be made after the Final Disbursement Date.

(b) Subject to this Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*), any scheduled disbursement (as reflected in the WIFIA Loan Disbursement Schedule) that remains undrawn as of its scheduled date shall automatically be available for the next scheduled disbursement date, up to the Final Disbursement Date, with the effect of automatically updating the WIFIA Loan Disbursement Schedule (and the WIFIA Loan Amortization Schedule) without need for the WIFIA Lender's approval. The Borrower may also propose adjustments to the WIFIA Loan Disbursement Schedule by submitting a revised version thereof to the WIFIA Lender no later than thirty (30) days prior to the proposed effective date of such adjustment, together with a detailed explanation of the reasons for such revisions. Such revised WIFIA Loan Disbursement Schedule shall become effective upon the WIFIA Lender's approval thereof, which approval shall be deemed granted if the WIFIA Lender has not objected within thirty (30) days from receipt of the revised schedule, and which approval shall have the effect of updating the WIFIA Loan Amortization Schedule to reflect the updated WIFIA Loan Disbursement Schedule.

Section 5. Term. The term of the WIFIA Loan shall extend from the Effective Date to the Final Maturity Date or to such earlier date as all amounts due or to become due to the WIFIA Lender hereunder have been irrevocably paid in full in immediately available funds.

Section 6. Interest Rate. The interest rate with respect to the Outstanding WIFIA Loan Balance (the "**WIFIA Interest Rate**") shall be [●] and [●] hundredths percent ([●]%) per annum. Interest shall (a) accrue on the WIFIA Loan commencing on the date of the first disbursement of the WIFIA Loan, (b) be payable commencing on the Debt Service Payment Commencement Date and (c) be computed on the Outstanding WIFIA Loan Balance on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months; provided that, upon the occurrence of an Event of Default, the Borrower shall pay interest on the Outstanding WIFIA Loan Balance at the Default Rate, (i) in the case of any Payment Default, from (and including) its due date to (but excluding) the date of actual payment and (ii) in the case of any other Event of Default, from (and including) the date of such occurrence to (but excluding) the earlier of the date on which (A) such Event of Default has been cured or waived (if applicable) in accordance with the terms of this Agreement and (B) the Outstanding WIFIA Loan Balance, and all fees and expenses with respect thereto, has been irrevocably paid in full in immediately available funds.

Section 7. Security and Priority; Flows of Funds.

(a) Pursuant to the WIFIA FAs, as security for the Authority Bond Payments, and concurrently with the issuance and delivery of this Agreement, the Members have pledged and assigned to the Borrower for its benefit, Liens on the Net Revenues. The Liens on the Net Revenues to secure the Authority Bond Payments shall be (i) *pari passu* in right of payment and right of security with the Liens on the Net Revenues in favor of all other Parity Obligations and (ii) senior in right of payment and right of security to the Liens on the Net Revenues in favor of the Subordinated Obligations. The obligations of the Members to make their respective Authority Bond Payments constitute Parity Obligations.

(b) Except for Permitted Liens, the Net Revenues will be free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto that is of equal rank with or senior to the pledges of the Members created under the WIFIA FAs for the benefit of the Borrower; provided that no Lien on the Net Revenues created pursuant to any Issuing Instrument shall be senior to the Lien on the Net Revenues created under the WIFIA FAs for the benefit of the Borrower. All organizational, regulatory or other necessary action on the part of the Obligors with respect to the foregoing has been duly and validly taken.

(c) As security for the WIFIA Loan, the Borrower hereby unconditionally pledges and assigns to the WIFIA Lender and grants to the WIFIA Lender Liens for its benefit on (i) all of the Authority Revenues, (ii) all of the right, title and interest (but none of the obligations) of the Borrower in the WIFIA FAs and (iii) the WIFIA Debt Service Account. The Members hereby consent to such pledge, assignment and grant. Notwithstanding anything in this Agreement or any other WIFIA Loan Document to the contrary, the Borrower does not and shall not assign, and the WIFIA Lender does not and shall not assume, any obligation, duty or liability of the Borrower under either WIFIA FA. The WIFIA Loan is and shall be secured by the Liens on the Authority Revenues, the right, title and interest of the Borrower in the WIFIA FAs and the WIFIA Debt Service Account. The Authority Revenues, the right, title and interest of the Borrower in the

WIFIA FAs and the WIFIA Debt Service Account shall be free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto other than the Liens with respect to the WIFIA Loan.

(d) The Members shall not use any Revenues to make any payments or satisfy any obligations other than in accordance with the provisions of this Section 7 (*Security and Priority; Flows of Funds*) and the Related Documents and shall not apply any portion of the Revenues in contravention of this Agreement or the other Related Documents.

(e) The Borrower shall not use any Authority Revenues, including any amounts on deposit in the WIFIA Debt Service Account, to make any payments or satisfy any obligations other than the payment of WIFIA Debt Service and other amounts payable to the WIFIA Lender hereunder and under the WIFIA Bond.

(f) Each Member's Revenues shall, immediately upon receipt thereof, be deposited by such Member into its respective Revenue Fund. Amounts deposited in the Revenue Funds shall be applied in the order of priority described in, and in accordance with, the Flows of Funds.

Section 8. Payment of Principal and Interest.

(a) Payment of WIFIA Debt Service.

(i) Pursuant to the WIFIA FAs, not later than each Authority Bond Payment Date, each Member shall, from moneys in its respective Revenue Fund, transfer to the WIFIA Debt Service Account the Authority Bond Payment due and payable on such Authority Bond Payment Date. All Authority Bond Payments shall be paid directly by the Members to the WIFIA Debt Service Account for the benefit of the WIFIA Lender. All Authority Bond Payments and any other amounts deposited into the WIFIA Debt Service Account shall be held by the Borrower in trust for the benefit of the WIFIA Lender until the immediately succeeding Payment Date, whereupon such money shall be applied to the payment of WIFIA Debt Service. The obligations of each Member to make its respective Authority Bond Payments shall survive any withdrawal by either Member as a member of the Borrower.

(ii) No WIFIA Debt Service shall be due or payable prior to the Debt Service Payment Commencement Date. On each Payment Date occurring on or after the Debt Service Payment Commencement Date, the Borrower shall pay WIFIA Debt Service by making (A) semi-annual payments of interest on each Interest Payment Date, (B) annual payments of principal on each Principal Payment Date, and (C) payments of any other amounts on each other date on which payment thereof is required to be made hereunder (including the Final Maturity Date and any date on which payment is due by reason of the acceleration of the maturity of the WIFIA Loan or otherwise); provided that if any such date is not a Business Day, payment shall be made on the next Business Day following such date. Payments of WIFIA Debt Service shall be made in the amounts and on the Payment Dates as set forth in the WIFIA Loan Amortization Schedule, as the same may be revised pursuant to Section 8(d) (*Payment of Principal and Interest – Adjustments to Loan*

Amortization Schedule), and shall be calculated by the WIFIA Lender in such manner that the Outstanding WIFIA Loan Balance is reduced to $0 on the Final Maturity Date.

(iii) Notwithstanding anything herein to the contrary, the Outstanding WIFIA Loan Balance and any accrued interest thereon shall be due and payable in full on the Final Maturity Date (or on any earlier date on which the maturity of the WIFIA Loan and WIFIA Bond has been accelerated pursuant to the terms hereof).

(b) WIFIA Bond. As evidence of the Borrower's obligation to repay the WIFIA Loan, the Borrower shall issue and deliver to the WIFIA Lender, on or prior to the Effective Date, the WIFIA Bond substantially in the form of **Exhibit A** (*Form of WIFIA Bond*), having a maximum principal amount of $33,890,228, bearing interest at the WIFIA Interest Rate and having principal and interest payable on the same dates set forth herein. Any payment in respect of the WIFIA Bond shall be treated as a payment in respect of the WIFIA Loan and any prepayment of principal in respect of the WIFIA Loan shall be treated as a redemption in respect of the WIFIA Bond.

(c) Manner of Payment. Payments under this Agreement (and the WIFIA Bond, which payments shall not be duplicative) shall be made by wire transfer on or before each Payment Date in Dollars and in immediately available funds (without counterclaim, offset or deduction) in accordance with the payment instructions provided by the WIFIA Lender prior to the relevant payment, as may be modified in writing from time to time by the WIFIA Lender; provided that the failure to provide updated payment instructions shall not affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document. The Borrower shall make any such payment with funds then on deposit in the WIFIA Debt Service Account in accordance with the terms of this Agreement.

(d) Adjustments to WIFIA Loan Amortization Schedule.

(i) The Outstanding WIFIA Loan Balance will be (A) increased on each occasion on which the WIFIA Lender disburses WIFIA Loan proceeds hereunder, by the amount of such disbursement of loan proceeds; and (B) decreased upon each payment or prepayment of the Outstanding WIFIA Loan Balance, by the amount of principal so paid. The WIFIA Lender may in its discretion at any time and from time to time, or when so requested by an Obligor, advise such Obligor by written notice of the amount of the Outstanding WIFIA Loan Balance as of the date of such notice. The WIFIA Lender's determination of such amount in any such notice shall be deemed conclusive absent manifest error. WIFIA Loan proceeds borrowed and repaid may not be reborrowed.

(ii) The WIFIA Lender is hereby authorized to modify the WIFIA Loan Amortization Schedule, in accordance with the principles set forth below in this Section 8(d) (*Payment of Principal and Interest – Adjustments to WIFIA Loan Amortization Schedule*), to reflect (A) any change to the Outstanding WIFIA Loan Balance, (B) any change to the date and amount of any principal or interest due and payable or to become due and payable by the Borrower under this Agreement, and (C) such other information as the WIFIA Lender may determine is necessary for administering the WIFIA Loan and this Agreement. Any calculations described above shall be rounded up to the nearest whole cent. Any adjustments or revisions to the WIFIA Loan Amortization Schedule as a result of changes in the Outstanding WIFIA Loan Balance shall be applied to reduce future payments due on the WIFIA Bond pro rata across all principal payments remaining. Absent manifest error, the WIFIA Lender's determination of such matters as set forth in **SCHEDULE VI** (*WIFIA Loan Amortization Schedule*) shall be conclusive evidence thereof; provided that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Obligors' obligations hereunder or under any other WIFIA Loan Document. The WIFIA Lender shall provide the Obligors with a copy of **SCHEDULE VI** (*WIFIA Loan Amortization Schedule*) as revised pursuant to this Section 8(d)(ii) (*Payment of Principal and Interest – Adjustments to WIFIA Loan Amortization Schedule*), but no failure to provide or delay in providing the Obligors with such copy shall affect any of the obligations of the Obligors under this Agreement or the other WIFIA Loan Documents.

(iii) Any Obligor shall have the right to propose adjustments to the WIFIA Loan Amortization Schedule exercisable once on or prior to the date that is one hundred twenty (120) days preceding the first Principal Payment Date, such adjustments to be submitted by such Obligor to the WIFIA Lender in the form of an updated WIFIA Loan Amortization Schedule, together with (A) an explanation setting out the reason for such proposed adjustments (such as material unforeseen changes to the Project schedule, costs, or the Obligors' funding strategy) and (B) an updated rating affirmation or current public rating from a Nationally Recognized Rating Agency on the WIFIA Loan (or other Parity Obligations, as the WIFIA Lender may agree) demonstrating the Obligors' continued creditworthiness; provided that (x) the form of and any adjustment to the WIFIA Loan Amortization Schedule, together with the Obligors' explanation and the rating affirmation, shall be acceptable to the WIFIA Lender, (y) the weighted average life of the WIFIA Loan shall not exceed forty two (42) years measured as of the initial disbursement date of the WIFIA Loan and (z) the WIFIA Loan Amortization Schedule shall comply with all applicable requirements under this Agreement and law. Such revised WIFIA Loan Amortization Schedule shall become effective upon the approval by the WIFIA Lender in its sole discretion.

Section 9. Prepayment.

(a) Optional Prepayments. The Borrower may prepay the WIFIA Loan, without penalty or premium, (i) in full on any date on or after the Final Disbursement Date or (ii) in part on any Payment Date on or after the Final Disbursement Date (and, if in part, the amounts thereof to be prepaid shall be determined by the Borrower; provided, that any such prepayment shall be in principal amounts of $1,000,000 or any integral multiple of $1.00 in excess thereof), in each case from time to time but not more than once annually in accordance with 33 U.S.C. § 3908(c)(4)(A). The Borrower may make such prepayment by paying to the WIFIA Lender such principal amount of the WIFIA Loan to be prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment and all fees and expenses then due and payable to the WIFIA Lender. Each prepayment of the WIFIA Loan pursuant to this Section 9(a) (*Prepayment – Optional Prepayments*) shall be made on such date of payment and in such principal amount as shall be specified by the Borrower in a written notice delivered to the WIFIA Lender not less than ten (10) days or more than thirty (30) days prior to the date set for prepayment, unless otherwise agreed by the WIFIA Lender. At any time between delivery of such written notice and the applicable optional prepayment, the Borrower may, without penalty or premium, rescind its announced optional prepayment by further written notice to the WIFIA Lender. Anything in this Section 9(a) (*Prepayment – Optional Prepayments*) to the contrary notwithstanding, the failure by the Borrower to make any optional prepayment shall not constitute a breach or default under this Agreement.

(b) Borrower's Certificate. Each prepayment pursuant to this Section 9 (*Prepayment*) shall be accompanied by a certificate signed by the Borrower's Authorized Representative identifying the provision of this Agreement pursuant to which such prepayment is being made and containing a calculation in reasonable detail of the amount of such prepayment.

(c) General Prepayment Instructions. Upon the WIFIA Lender's receipt of confirmation that payment in full in immediately available funds of the entire Outstanding WIFIA Loan Balance and any unpaid interest, fees and expenses with respect thereto has occurred as a result of a prepayment, the WIFIA Lender shall surrender the WIFIA Bond to the Borrower or its representative at the principal office of the WIFIA Lender. If the Borrower prepays only part of the unpaid balance of principal of the WIFIA Loan, the WIFIA Lender may make a notation on the WIFIA Loan Amortization Schedule indicating the amount of principal of and interest on the WIFIA Loan then being prepaid. Absent manifest error, the WIFIA Lender's determination of such matters as set forth on an updated WIFIA Loan Amortization Schedule shall be conclusive evidence thereof; provided that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner any Obligor's obligations hereunder or under any other WIFIA Loan Document. All partial prepayments of principal shall be applied to reduce future payments due on the WIFIA Loan pro rata across all principal payments remaining. If such funds have not been so paid on the prepayment date, such principal amount of the WIFIA Loan shall continue to bear interest until payment thereof at the rate provided for in Section 6 (*Interest Rate*).

Section 10. Fees and Expenses.

(a) Fees. The Obligors shall, on a joint and several basis, pay to the WIFIA Lender:

(i) a servicing set-up fee equal to $13,080 (the "**Servicing Set-Up Fee**"), which shall be due and payable within thirty (30) days after receipt by the Borrower of an invoice from the WIFIA Lender with respect thereto (or, if earlier, the Initial Disbursement Date);

(ii) an annual construction period servicing fee equal to $13,080 (the "**Construction Period Servicing Fee**"), which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15 during the Construction Period (including the Federal Fiscal Year during which the Substantial Completion Date occurs); provided that the initial Construction Period Servicing Fee shall be due and payable within thirty (30) days after receipt by the

Borrower of an invoice from the WIFIA Lender with respect thereto (or, if earlier, the Initial Disbursement Date), in a pro-rated amount equal to $[●];[1] and

(iii) an annual operating period servicing fee equal to $9,810 (the "**Operating Period Servicing Fee**"), which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15, beginning with the first November 15 following the end of the Federal Fiscal Year during which the Substantial Completion Date occurs, until (and including) the Final Maturity Date; provided that the Operating Period Servicing Fee due and payable with respect to the Federal Fiscal Year during which the Final Maturity Date occurs shall be equal to the pro-rata monthly portion of the then applicable Operating Period Servicing Fee multiplied by the number of partial or whole months remaining between October 1 and the Final Maturity Date.

(b) The amount of each Construction Period Servicing Fee (other than the initial Construction Period Servicing Fee) and each Operating Period Servicing Fee shall be adjusted in proportion to the percentage change in CPI for the calendar year immediately preceding the calendar year during which such fee is due. The WIFIA Lender shall notify the Borrower of the amount of each such fee at least thirty (30) days before payment is due, which determination shall be conclusive absent manifest error.

(c) Expenses. Each Obligor agrees, whether or not the transactions hereby contemplated shall be consummated, to reimburse on a joint and several basis the WIFIA Lender on demand from time to time, within thirty (30) days after receipt by the Borrower of an invoice from the WIFIA Lender, for any and all documented fees, costs, charges, and expenses incurred by it (including the documented fees, costs, and expenses of its legal counsel, financial advisors, auditors and other consultants and advisors) in connection with the negotiation, preparation, execution, delivery, and performance of this Agreement and the other WIFIA Loan Documents and the transactions hereby and thereby contemplated, including documented attorneys', and engineers' fees and professional costs, including all such documented fees, costs, and expenses incurred as a result of or in connection with: (i) the enforcement of or attempt to enforce, or the protection or preservation of any right or claim under, the Liens on the Authority Revenues, the Net Revenues or the WIFIA Debt Service Account or any provision of this Agreement or any of the other WIFIA Loan Documents or the rights of the WIFIA Lender thereunder; (ii) any amendment, modification, waiver, or consent with respect to this Agreement or any other Related Document; and (iii) any work-out, restructuring, or similar arrangement of the obligations of any Obligor under this Agreement or the other WIFIA Loan Documents, including during the pendency of any Event of Default.

(d) The obligations of the Obligors under this Section 10 (*Fees and Expenses*) shall survive the payment or prepayment in full or transfer of the WIFIA Loan, the enforcement of any provision of this Agreement or the other WIFIA Loan Documents, any such amendments, waivers or consents, any Event of Default, and any such workout, restructuring, or similar arrangement.

[1] **Note to draft:** To be determined once the closing date is determined.

ARTICLE III
CONDITIONS PRECEDENT

Section 11. Conditions Precedent.

(a) Conditions Precedent to Effectiveness. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not become effective until each of the following conditions precedent has been satisfied or waived in writing by the WIFIA Lender in its sole discretion:

(i) Each Obligor shall have duly executed and delivered to the WIFIA Lender this Agreement and each other WIFIA Loan Document to which it is a party, each in form and substance satisfactory to the WIFIA Lender.

(ii) Each Obligor shall have delivered to the WIFIA Lender complete and fully executed copies of each Related Document (other than the WIFIA Loan Documents) and each Existing Construction Contract to which it is a party, together with any amendments, supplements, waivers or modifications thereto, that has been entered into on or prior to the Effective Date, along with a certification in the Closing Certificate that each such document is complete, fully executed and in full force and effect, and that all conditions contained in such documents that are necessary to the closing of the WIFIA transactions contemplated hereby have been fulfilled.

(iii) Each Obligor shall have delivered to the WIFIA Lender a copy of its Organizational Documents, as in effect on the Effective Date, along with a certification in the Closing Certificate that such Organizational Documents are in full force and effect.

(iv) Each Obligor shall have delivered to the WIFIA Lender all instruments and documents (including any resolutions, ordinances, and supplements) other than the Related Documents as are necessary for such Obligor to execute and deliver, and to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents to which it is a party.

(v) Counsel to the Obligors shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit C-1** (*Opinions Required from Counsel to Obligors*)) and bond counsel to the Obligors shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit C-2** (*Opinions Required from Bond Counsel*)).

(vi) The Obligors shall have delivered to the WIFIA Lender a certificate, signed by each Authorized Representative, substantially in the form attached hereto as **Exhibit D** (*Form of Closing Certificate*) (the "**Closing Certificate**"), designating the Borrower's Authorized Representative, the City's Authorized Representative or the District's Authorized Representative, as applicable, confirming such persons' positions and incumbencies, and certifying as to the satisfaction of the following conditions precedent (and, if requested by the WIFIA Lender, have provided evidence satisfactory to the WIFIA Lender of such satisfaction):

(A) the aggregate of all funds secured and appropriated, or expected to be secured and appropriated for the development and construction of the Project as set forth in the Base Case Financial Model and in the Project Budget are reasonably expected to be sufficient to carry out the Project, pay all Total Project Costs anticipated for the Project and achieve Substantial Completion by the Projected Substantial Completion Date;

(B) the Obligors (or the City on behalf of the Obligors) have obtained all Governmental Approvals required to have been obtained as of the Effective Date (1) in connection with the Project and (2) to execute and deliver, and perform their obligations under the WIFIA Loan Documents, and all such Governmental Approvals obtained as of the Effective Date are final, non-appealable, and in full force and effect (and are not subject to any notice of violation, breach, or revocation);

(C) as of the Effective Date, (1) the maximum principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs; (2) the aggregate amount of Eligible Project Costs previously incurred prior to the Effective Date does not exceed fifty-one percent (51%) of Eligible Project Costs; and (3) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs;

(D) each Obligor is in compliance with NEPA and any applicable federal, state or local environmental review and approval requirements with respect to the Project;

(E) (1) the Borrower has obtained a Federal Employer Identification Number (as evidenced by the delivery of a copy of the Borrower's W-9), (2) each Obligor has obtained a UEI Number and (3) each Obligor has registered with, and obtained confirmation of active SAM registration status;

(F) the Borrower has obtained a CUSIP Number (the "**WIFIA CUSIP Number**");

(G) the representations and warranties of each Obligor set forth in this Agreement and in each other Related Document to which such Obligor is a party are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date; and

(H) no Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred or arisen since the date of the Application.

(vii) The Obligors shall have provided evidence to the WIFIA Lender's satisfaction, prior to the Effective Date, of the assignment by at least one (1) Nationally Recognized Rating Agency of a public Investment Grade Rating on the WIFIA Loan and the Parity Obligations then Outstanding, along with a certification in the Closing Certificate that no such rating has been reduced, withdrawn or suspended as of the Effective Date.

(viii) The Members (or the City on behalf of the Members) shall have delivered to the WIFIA Lender a Base Case Financial Model in form and substance acceptable to the WIFIA Lender, along with a certification in the Closing Certificate that such Base Case Financial Model (A) demonstrates that projected Net Revenues and Authority Revenues are each sufficient to meet the WIFIA Loan Amortization Schedule, (B) demonstrates compliance with the Rate Covenant for each Fiscal Year through the Final Maturity Date, (C) reflects principal amortization and interest payment schedules acceptable to the WIFIA Lender and (D) demonstrates that the Members (or the City on behalf of the Members) have developed, and identified adequate revenues to implement, a plan for operating, maintaining and repairing the Project over the useful life of the Project.

(ix) The Obligors (or the City on behalf of the Members) shall have delivered to the WIFIA Lender the Public Benefits Report.

(x) Each Obligor shall have paid in full all invoices delivered by the WIFIA Lender to such Obligor as of the Effective Date and the fees and expenses of the WIFIA Lender's counsel and financial advisors and any auditors or other consultants retained by the WIFIA Lender for the purposes hereof.

(xi) The Obligors shall have provided evidence to the WIFIA Lender's satisfaction of the (A) establishment by the Borrower of the WIFIA Debt Service Account, and (B) the pledge of such account for the exclusive benefit of the WIFIA Lender.

(b) <u>Conditions Precedent to Disbursements</u>. Notwithstanding anything in this Agreement to the contrary, the WIFIA Lender shall have no obligation to make any disbursement of the WIFIA Loan to the Borrower (including the initial disbursement hereunder) until each of the following conditions precedent has been satisfied or waived in writing by the WIFIA Lender in its sole discretion:

(i) The Obligors (or the City on behalf of the Obligors) shall have delivered to the WIFIA Lender a Requisition that complies with the provisions of Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*), **Exhibit B-1** (*Requisition Procedures and Form of Requisition*) and **Appendix 1** (*Form of Requisition*) to **Exhibit B-1** (*Requisition Procedures and Form of Requisition*), including satisfactory Eligible Project Costs Documentation relating to such Requisition. Each Authorized Representative shall also certify in such Requisition that:

(A) at the time of, and immediately after giving effect to, any Disbursement of WIFIA Loan proceeds then currently requested, (1) no Default or Event of Default and no event of default under any other Related Document has occurred and is continuing and (2) no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any other Related Document has occurred and is continuing;

(B) no Material Adverse Effect, or any event or condition that could reasonably be expected to result in a Material Adverse Effect, has occurred since the Effective Date;

(C) the aggregate amount of all disbursements does not exceed (1) the maximum principal amount of the WIFIA Loan or (2) the amount of Eligible Project Costs paid or incurred by the Obligors;

(D) the Eligible Project Costs for which reimbursement or payment is being requested has not been reimbursed or paid by any previous disbursement of (1) WIFIA Loan proceeds or (2) any other source of funding for the Project as identified in the Project Budget;

(E) (1) each Obligor, and, to the knowledge of each of the Obligors, each of each Obligor's contractors and subcontractors at all tiers with respect to the Project, has complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§ 3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto), 33 U.S.C. § 3914 (relating to American iron and steel products), 2 C.F.R. § 180.320 and 2 C.F.R. Part 1532 (relating to non-debarment), 31 U.S.C. § 1352 and 40 C.F.R. § 34.100 (relating to non-lobbying), and any applicable Sanctions Laws; and (2) supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the Project, are being maintained and are available for review upon request by the WIFIA Lender;

(F) the representations and warranties of each Obligor set forth in this Agreement and in each other Related Document are true and correct as of each date on which any disbursement of the WIFIA Loan is made, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties are true and correct as of such earlier date);

(G) the Borrower represents that it has delivered all required deliverables under and in compliance with the requirements of Section 16 (*Reporting Requirements*), except as has been otherwise agreed by the WIFIA Lender; and

(H) the amount being requested for disbursement is with respect to Eligible Project Costs for which all or a portion of the Eligible Project Costs Documentation was previously submitted to and approved by the WIFIA Lender in accordance with **Exhibit B-1** (*Requisition Procedures and Form of Requisition*) or the Borrower has set out in the Requisition (or attached separately to the Requisition) a summary of any Eligible Project Costs that have not otherwise been previously submitted to the WIFIA Lender for approval, together with supporting Eligible Project Costs Documentation.

(ii) [Reserved.]

(iii) To the extent not previously delivered to the WIFIA Lender, the Obligors (or the City on behalf of the Obligors) shall have delivered to the WIFIA Lender copies of (1) any Related Document (including any amendment, waiver, modification or supplement thereto) entered into after the Effective Date, along with a certification in the Requisition that each such document is complete, fully executed and in full force and effect and (2) all Construction Contracts requested by the WIFIA Lender, including, in each case, any amendment, modification or supplement thereto, entered into after the Effective Date.

(iv) The Obligors shall have paid in full (A) any outstanding Servicing Fees due and payable under Section 10 (*Fees and Expenses*) and (B) all invoices delivered by the WIFIA Lender to any Obligor, for the fees and expenses of the WIFIA Lender's counsel and financial advisors and any auditors or other consultants retained by the WIFIA Lender for the purposes hereof.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Section 12. Representations and Warranties of Obligors. Each Obligor hereby represents and warrants that, as of the Effective Date and, as to each of the representations and warranties below other than those (x) contained in Section 12(b) (*Representations and Warranties of Obligors – Officers' Authorization*), the first sentence of Section 12(f) (*Representations and Warranties of Obligors – Litigation*), Section 12(l) (*Representations and Warranties of Obligors – Credit Ratings*) or (y) which expressly relate only to another Obligor, as of each date on which any disbursement of the WIFIA Loan is requested or made:

(a) Organization; Power and Authority. The City is a general city and municipal corporation duly organized and validly existing under its Organizational Documents and the laws of the State, has full legal right, power and authority to do business in the State and to enter into the Related Documents then in existence to which it is a party, to execute and deliver this Agreement, and to carry out and consummate all transactions contemplated hereby and thereby and has duly authorized the execution, delivery and performance of this Agreement and the other Related Documents to which it is a party. The District is a county sanitation district and subsidiary district of the City established under the laws of the State, duly organized and validly existing under its Organizational Documents and the laws of the State, has full legal right, power and authority to do business in the State and to enter into the Related Documents then in existence to which it is a party, to execute and deliver this Agreement, and to carry out and consummate all transactions contemplated hereby and thereby and has duly authorized the execution, delivery and performance of this Agreement and the other Related Documents to which it is a party. The Borrower is a joint exercise of powers authority duly organized and validly existing under its Organizational Documents and the laws of the State, has full legal right, power and authority to do business in the State and to enter into the Related Documents then in existence to which it is a party, to execute and deliver this Agreement and the WIFIA Bond, and to carry out and consummate all transactions contemplated hereby and thereby and has duly authorized the execution, delivery and performance of this Agreement, the WIFIA Bond, and the other Related Documents to which it is a party. Other than such Organizational Documents and the WIFIA Resolutions, there are no additional instruments for each Obligor to execute and deliver, or to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents.

(b) Officers' Authorization. As of the Effective Date, the officers of each Obligor executing (or that previously executed) the Related Documents, and any certifications or instruments related thereto, to which such Obligor is a party are (or were at the time of such execution) duly and properly in office and fully authorized to execute the same.

(c) Due Execution; Enforceability. Each of the Related Documents in effect as of any date on which this representation and warranty is made, and to which any Obligor is a party has been duly authorized, executed and delivered by such Obligor and constitutes the legal, valid and binding agreement of such Obligor enforceable against such Obligor in accordance with its terms, except as such enforceability (i) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (ii) is subject to general principles of equity (regardless of whether enforceability is considered in equity or at law).

(d) Non-Contravention. The execution and delivery of the Related Documents to which any Obligor is a party, the consummation of the transactions contemplated by such Related Documents, and the fulfillment of or compliance with the terms and conditions of such Related Documents, will not (i) conflict with such Obligor's Organizational Documents, (ii) conflict in any material respect with, or constitute a violation, breach or default (whether immediately or after notice or the passage of time or both) by such Obligor of or under, any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which such Obligor is a party or by which it or its properties or assets are otherwise subject or bound, (iii) conflict in any material respect with, or constitute a violation, breach or default (whether immediately or after notice or the passage of time or both) by such Obligor of or under any applicable law, administrative rule or regulation, any applicable court or administrative decree or order, or (iv) result in the creation or imposition of any Lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of such Obligor, other than Permitted Liens.

(e) Consents and Approvals. No consent or approval of any trustee, holder of any indebtedness of any Obligor or any other Person, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with (i) the execution, delivery and performance by such Obligor of the Related Documents to which it is a party, except as have been obtained or made and as are in full force and effect, or (ii) (A) the consummation of any transaction contemplated by such Related Documents or (B) the fulfillment of or compliance by such Obligor with the terms and conditions of such Related Documents, except as have been obtained or made and as are in full force and effect or, if not required to be obtained as of the date this representation and warranty is made, as can reasonably be expected to be obtained or made in the ordinary course on commercially reasonable terms and conditions when needed.

(f) Litigation. There is no action, suit, proceeding or, to the knowledge of any Obligor, any inquiry or investigation, in any case before or by any court or other Governmental Authority pending or, to the knowledge of such Obligor, threatened against or affecting either System (including the Project) or the ability of such Obligor to execute, deliver and perform its obligations under the Related Documents to which it is a party or that in any case could reasonably be expected to result in a Material Adverse Effect. As of the Effective Date and as of each other date on which the representations and warranties herein are made or confirmed, there is no action, suit, proceeding or, to the knowledge of any Obligor, any inquiry or investigation before or by any court or other Governmental Authority pending, or to the knowledge of such Obligor, threatened against or affecting the System (including the Project), such Obligor or the assets, properties or operations of such Obligor, that in any case could reasonably be expected to result in a Material Adverse Effect.

(g) Security Interests.

(i) (A) The WIFIA FAs and Section 5451 of the California Government Code establish, and (B) the Members have taken all necessary action to pledge, assign, and grant, in each case in favor of the Borrower, legal, valid, binding and enforceable Liens on the Net Revenues purported to be created, pledged, assigned, and granted pursuant to and in accordance with the WIFIA FAs, irrespective of whether any Person has notice of the pledge and without the need for any physical delivery, recordation, filing, or further act, and the security interests created in the Net Revenues have been duly perfected under applicable State law. Such Liens are in full force and effect and are (1) *pari passu* in right of payment and right of security with the Liens on the Net Revenues in favor of all other Parity Obligations and (2) senior in right of payment and right of security to the Liens on the Net Revenues in favor of the Subordinated Obligations.

(ii) Neither Member is in breach of any covenant set forth in Section 14(b)(i) (*Affirmative Covenants – Securing Liens*) or in the WIFIA Loan Documents with respect to the matters described in Section 14(b)(i) (*Affirmative Covenants – Securing Liens*). As of the Effective Date and as of each other date this representation and warranty is made, (A) all documents and instruments have been recorded or filed for record in such manner and in such places as are required and all other action as is necessary or desirable has been taken to establish a legal, valid, binding, and enforceable and perfected Lien on the Net Revenues for the benefit of the Borrower, and (B) all taxes and filing fees that are due and payable in connection with the execution, delivery or recordation of any WIFIA Loan Document or any instruments, certificates or financing statements in connection with the foregoing, have been paid. Neither the attachment, perfection, validity, enforceability or priority of the security interest in the Net Revenues granted pursuant to the WIFIA FAs is governed by Article 9 of the UCC.

(iii) (A) This Agreement and Section 5451 of the California Government Code establish, and (B) the Borrower has taken all necessary action to pledge, assign, and grant, in each case in favor of the WIFIA Lender, legal, valid, binding and enforceable Liens on (1) all of the Authority Revenues, (2) all of the right, title and interest (but none of the obligations) of the Borrower in the WIFIA FAs and (3) the WIFIA Debt Service Account, in each case purported to be created, pledged, assigned, and granted pursuant to and in accordance with this Agreement, irrespective of whether any Person has notice of the pledge and without the need for any physical delivery, recordation, filing, or further act, and the security interests created in the Authority Revenues, the right, title and interest of the Borrower in the WIFIA FAs and the WIFIA Debt Service Account have been duly perfected under applicable State law. Such Liens are in full force and effect and are the only Liens in respect of the Authority Revenues, the right, title and interest of the Borrower in the WIFIA FAs and the WIFIA Debt Service Account.

(iv) The Borrower is not in breach of any covenant set forth in Section 14(b)(ii) (*Affirmative Covenants – Securing Liens*) or in the WIFIA Loan Documents with respect to the matters described in Section 14(b)(ii) (*Affirmative Covenants – Securing Liens*). As of the Effective Date and as of each other date this representation and warranty is made, (A) all documents and instruments have been recorded or filed for record in such manner and in such places as are required and all other action as is necessary or desirable has been taken to establish a legal, valid, binding, and enforceable and perfected Lien on the Authority Revenues, the right, title and interest of the Borrower in the WIFIA FAs and the WIFIA Debt Service Account for the benefit of the WIFIA Lender, and (B) all taxes and filing fees that are due and payable in connection with the execution, delivery or recordation of any WIFIA Loan Document or any instruments, certificates or financing statements in connection with the foregoing, have been paid. Neither the attachment, perfection, validity, enforceability or priority of the security interest in the Authority Revenues, the right, title and interest of the Borrower in the WIFIA FAs and the WIFIA Debt Service Account is governed by Article 9 of the UCC.

(h) No Debarment. Each Obligor has fully complied with its verification obligations under 2 C.F.R. § 180.320 and confirms, based on such verification, that, to its knowledge, neither it nor any of its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. § 1532.995) (i) is debarred, suspended or voluntarily excluded from participation in Government contracts, procurement or non-procurement matters, (ii) is presently indicted for or otherwise criminally or civilly charged by a Governmental Authority with commission of any of the offenses listed in 2 C.F.R. § 180 or 2 C.F.R. § 1532; and (iii) have, within the three (3) year period preceding the Effective Date, (A) been convicted for or had a civil judgment rendered against it for any of the offenses within such period or (B) had any public transactions (federal, state or local) terminated for cause or default.

(i) No Lobbying. Pursuant to 31 U.S.C. § 1352, to the best of each Obligor's knowledge and belief, (i) no federal appropriated funds have been paid or will be paid, by or on behalf of any Obligor, to any Person for influencing or attempting to influence an officer or employee of an agency, a member (or employee of a member), officer, or employee of the U.S. Congress, in connection with the making of the WIFIA Loan, execution (including amendments or modifications) of the Related Documents, or any other federal action under 31 U.S.C. § 1352(a)(2); and (ii) 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 (or employee of a member), officer, or employee of the U.S. Congress in connection with the WIFIA Loan, each Obligor has completed and submitted to the WIFIA Lender Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(j) Accuracy of Representations and Warranties. The representations, warranties and certifications of each Obligor set forth in this Agreement and the other Related Documents to which such Obligor is a party are true, correct, and complete in all material respects, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true, correct, and complete as of such earlier date).

(k) Compliance with Laws.

(i) Each Obligor, and, to the best of the knowledge of each Obligor, each of such Obligor's contractors and subcontractors at all tiers with respect to the Project, has complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§ 3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto), 33 U.S.C. § 3914 (relating to American iron and steel products), 20 C.F.R. § 180.320 and 20 C.F.R. § 1532 (relating to non-debarment), 31 U.S.C. § 1352 and 49 C.F.R. § 20.100 (relating to non-lobbying), and any applicable Sanctions Laws.

(ii) To ensure such compliance, each Obligor has included in all contracts to which it is a party with respect to the Project (A) the contract clauses relating to the applicable federal requirements (such as Davis-Bacon Act) and (B) requirements that its contractors (1) shall comply with all applicable laws, rules, regulations, and requirements set forth in this Section 12(k) (*Representations and Warranties of Obligors – Compliance with Laws*) and follow applicable federal guidance and (2) incorporate in all subcontracts (and cause all subcontractors to include in lower tier subcontracts) such terms and conditions as are required to be incorporated therein by any applicable laws, rules, regulations and requirements set forth in this Section 12(k) (*Representations and Warranties of Obligors – Compliance with Laws*).

(l) Credit Ratings. The WIFIA Loan and the Outstanding Parity Obligations have received a public Investment Grade Rating from at least one (1) Nationally Recognized Rating Agency, written evidence of such rating has been provided to the WIFIA Lender prior to the Effective Date, and such rating has not been reduced, withdrawn or suspended as of the Effective Date.

(m) No Defaults. No Default or Event of Default, and no default or event of default by any Obligor under any other Related Document to which such Obligor is a party, has occurred and is continuing.

(n) Governmental Approvals. All Governmental Approvals required as of the Effective Date and required as of any subsequent date on which this representation is made (or deemed made) for the undertaking and completion by the Members (or the City on behalf of the Members) of the Project, and for the operation and management thereof, have been obtained or effected and are in full force and effect and there is no basis for, nor proceeding that is pending or threatened that could reasonably be expected to result in, the revocation of any such Governmental Approval.

(o) Construction Contracts. Attached as **SCHEDULE V** (*Construction Contracts*) is a list of the Existing Construction Contracts, including the name of the contract, the parties thereto, the effective date and a description thereof. Each Construction Contract is in full force and effect and all conditions precedent to the obligations of the respective parties under each Construction Contract have been satisfied. To the extent requested by the WIFIA Lender, the Borrower has delivered to the WIFIA Lender a fully executed, complete and correct copy of each Construction Contract (including in each case all exhibits, schedules and other attachments), including any amendments or modifications thereto and any related credit support instruments or side letters.

(p) Information. The information furnished by, or on behalf of, the Obligors to the WIFIA Lender, when taken as a whole, is true and correct in all material respects (other than for projections and other forward-looking statements contained in the Base Case Financial Model and any Updated Financial Model which have been made in good faith and based on reasonable assumptions) and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading as of the date made or furnished.

(q) Environmental Matters. Each Obligor and, to such Obligor's knowledge, each Construction Contractor, is in compliance with all laws applicable to the related System (including the Project) relating to (i) air emissions, (ii) discharges to surface water or ground water, (iii) noise emissions, (iv) solid or liquid waste disposal, (v) the use, generation, storage, transportation or disposal of toxic or hazardous substances or wastes, (vi) biological resources (such as threatened and endangered species), and (vii) other environmental, health or safety matters, including all laws applicable to the related System (including the Project) (collectively, the "**Environmental Laws**"). All Governmental Approvals for the Project relating to Environmental Laws have been, or, when required, will be, obtained and are (or, as applicable, will be) in full force and effect. No Obligor has received any written communication or notice, whether from a Governmental Authority, employee, citizens group, or any other Person, that alleges that such Obligor is not in full compliance with all Environmental Laws and Governmental Approvals relating thereto in connection with the Project and, to such Obligor's knowledge, there are no circumstances that may prevent or interfere with full compliance in the future by such Obligor with any such Environmental Law or Governmental Approval. Each Obligor has provided to the WIFIA Lender all material assessments, reports, results of investigations or audits, and other material information in the possession of or reasonably available to such Obligor regarding such Obligor's or the Project's compliance with (A) Environmental Laws and (B) Governmental Approvals that are required for the Project and relate to Environmental Laws.

(r) Sufficient Rights. Each Member possesses either valid legal and beneficial title to, leasehold title in, or other valid legal rights with respect to the real property relating to the related System (including the Project), in each case as is necessary and sufficient as of the date this representation is made for the construction, operation, maintenance and repair of the related System (including the Project). As of any date on which this representation and warranty is made, the Construction Contracts then in effect and the Governmental Approvals that have been obtained and are then in full force and effect create rights in each Member sufficient to enable such Member to own, construct, operate, maintain and repair the related System (including the Project) and such Member to perform its obligations under the Construction Contracts to which it is a party.

(s) Insurance. Each Obligor is in compliance with all insurance obligations required under each Related Document to which such Obligor is a party as of the date on which this representation and warranty is made.

(t) No Prohibited Liens. Except for Permitted Liens, no Obligor has created, and is not under any obligation to create, and has not entered into any transaction or agreement that would result in the imposition of, any Lien on the Net Revenues, the Systems, the Project or any Obligor's respective rights in any of the foregoing. The Authority Revenues, the right, title and interest of the Borrower in the WIFIA FAs and the WIFIA Debt Service Account are free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto other than the pledge and Lien thereon for the benefit of the WIFIA Lender.

(u) Financial Statements. Each income statement, balance sheet and statement of operations and cash flows (collectively, "**Financial Statements**") delivered to the WIFIA Lender pursuant to Section 16(b) (*Reporting Requirements – Annual Financial Statements*) has been prepared in accordance with GAAP and presents fairly, in all material respects, the financial condition (including any liabilities or obligations that are required to be disclosed in accordance with GAAP) of each Obligor as of the respective dates of the balance sheets included therein and the results of operations of such Obligor for the respective periods covered by the statements of income included therein. Except as reflected in such Financial Statements, there are no liabilities or obligations of any Obligor of any nature whatsoever for the periods to which such Financial Statements relate that are required to be disclosed in accordance with GAAP.

(v) Securities Laws. Under existing law, the WIFIA Bond may be issued and sold without registration under the Securities Act of 1933, as amended, and any State blue sky laws.

(w) Taxes. Each Obligor has paid all applicable taxes and other material taxes and assessments payable by such Obligor that have become due (other than those taxes or assessments that such Obligor is contesting in good faith and by appropriate proceedings, for which adequate reserves have been established to the extent required by GAAP).

(x) Sufficient Funds. The amount of the WIFIA Loan, when combined with secured financing and appropriated cash and funds expected to be secured and appropriated for the development and construction of the Project as set forth under the various sources of funds in the Base Case Financial Model and the Project Budget will be sufficient to carry out the Project, pay all Total Project Costs anticipated for the development and construction of the Project and achieve Substantial Completion by the Projected Substantial Completion Date. The total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs. The Updated Financial Model most recently delivered to the WIFIA Lender pursuant to Section 16 (*Reporting Requirements*) demonstrates that the projected Revenues are sufficient to meet the WIFIA Loan Amortization Schedule. Each Obligor has developed, and identified adequate revenues to implement, a plan for operating, maintaining, and repairing the Project over the useful life of the Project.

(y) Sovereign Immunity. Each Obligor either has no immunity from the jurisdiction of any court of competent jurisdiction or from any legal process therein which could be asserted in any action to enforce the obligations of such Obligor under any of the Related Documents to which it is a party or the transactions contemplated hereby or thereby, including the obligations of such Obligor hereunder and thereunder, or, to the extent that such Obligor has such immunity, such Obligor has waived such immunity pursuant to Section 14(n) (*Affirmative Covenants – Immunity*).

(z) No Federal Debt. No Obligor has any delinquent federal debt (including tax liabilities but excluding any delinquencies that have been resolved with the appropriate federal agency in accordance with the standards of the Debt Collection Improvement Act of 1996).

Section 13. Representations and Warranties of WIFIA Lender. The WIFIA Lender represents and warrants that:

(a) Power and Authority. The WIFIA Lender has all requisite power and authority to make the WIFIA Loan and to perform all transactions contemplated by the Related Documents to which it is a party.

(b) Due Execution; Enforceability. The Related Documents to which it is a party have been duly authorized, executed and delivered by the WIFIA Lender, and are legally valid and binding agreements of the WIFIA Lender, enforceable in accordance with their terms.

(c) Officers' Authorization. The officers of the WIFIA Lender executing each of the Related Documents to which the WIFIA Lender is a party are duly and properly in office and fully authorized to execute the same on behalf of the WIFIA Lender.

ARTICLE V
COVENANTS

Section 14. Affirmative Covenants. Each Obligor covenants and agrees as follows (except to the extent such obligation is an express obligation of another Obligor) until the date the WIFIA Bond and all of the obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full in immediately available funds and the WIFIA Lender no longer has any commitment to make disbursements to the Borrower, unless the WIFIA Lender waives compliance in writing:

(a) Rate Covenant.

(i) Each Member shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the related System during each Fiscal Year which are at least sufficient to yield (A) Net Revenues of such Member for such Fiscal Year at least equal to one hundred twenty percent (120%) of Maximum Annual Debt Service on all Parity Obligations of such Member for such Fiscal Year and (B) Net Revenues of such Member for such Fiscal Year at least equal to one hundred twenty percent (120%) of Maximum Annual Debt Service on all Subordinated Obligations of such Member for such Fiscal Year, except that coverage of at least one hundred percent (100%) of Debt Service on all Subordinated Obligations of such Member shall be deemed sufficient with respect to Subordinated Obligations of such Member so long as Obligations of such Member other than the relevant WIFIA FA are outstanding and, upon defeasance of all

Obligations of such Member other than the relevant WIFIA FA, this ratio must be at least one hundred twenty percent (120%), except where such Obligations of such Member are defeased pursuant to Refunding Parity Obligations. For the purposes of the calculation of the rate covenant described in clauses (A) and (B) above, Net Revenues of each Member may include transfers from the applicable Rate Stabilization Fund; provided that the Net Revenues of such Member excluding such transfers are at least one hundred percent (100%) of the Maximum Annual Debt Service for the relevant Fiscal Year with respect to all Outstanding Obligations of such Member.

(ii) Each Member 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 of such Member from such reduced rates and charges will at all times be sufficient to meet the requirements of Section 14(a)(i) (*Affirmative Covenants – Rate Covenant*). Each Member shall increase such rates, fees and charges whenever necessary to produce Net Revenues sufficient to meet the requirements of Section 14(a)(i) (*Affirmative Covenants – Rate Covenant*).

(iii) If the forecast furnished by the Members (or the City on behalf of the Members) in the most recent Updated Financial Model delivered by the Members pursuant to Section 16(a) (*Reporting Requirements – Updated Financial Model*) demonstrates that projected Net Revenues of either Member may be inadequate to satisfy the Rate Covenant for any Fiscal Year until the Final Maturity Date, or if either Member fails to satisfy the Rate Covenant for the most recently ended Fiscal Year, such Member shall (A) within thirty (30) days after request by the WIFIA Lender, engage the Technical and Rate Consultant to review and analyze the operations of the applicable System and recommend actions regarding revising the rates or changing the methods of operations, or any other actions to increase such Member's Net Revenues so as to satisfy the Rate Covenant, (B) cause the Technical and Rate Consultant to issue its report, including any such recommended actions, no later than ninety (90) days following such engagement, and (C) either, within thirty (30) days, (1) to the extent permitted by law, implement the Technical and Rate Consultant's recommendation or (2) undertake an alternative course of action after demonstrating to the WIFIA Lender's satisfaction that an alternative plan will generate sufficient Net Revenues so as to satisfy the Rate Covenant.

(b) Securing Liens.

(i) The Members shall at any and all times, to the extent permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable in connection with assuring, conveying, granting, assigning, securing and confirming the Liens on the Net Revenues (whether now existing or hereafter arising) granted to the Borrower for its benefit pursuant to the WIFIA FAs, or intended so to be granted pursuant to the WIFIA FAs, or which the Members may become bound to grant, and the Members shall at all times maintain the Net Revenues free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto that has priority over, or equal rank with, the Liens created by the WIFIA FAs, other than as permitted by this Agreement, and all organizational, regulatory or other necessary action on the part of the

Members to that end shall be duly and validly taken at all times. The Members shall at all times, to the extent permitted by law, defend, preserve and protect the Liens on the Net Revenues granted pursuant to the WIFIA FAs and for the benefit of the Borrower under the WIFIA FAs against all claims and demands of all Persons whomsoever, subject to Permitted Liens.

(ii) The Borrower shall at any and all times, to the extent permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable in connection with assuring, conveying, granting, assigning, securing and confirming the Liens on the Authority Revenues (whether now existing or hereafter arising), the right, title and interest of the Borrower in the WIFIA FAs and the WIFIA Debt Service Account granted to the WIFIA Lender for its benefit pursuant to the this Agreement, or intended so to be granted pursuant to this Agreement, or which the Borrower may become bound to grant, and the Borrower shall at all times maintain the Authority Revenues, the right, title and interest of the Borrower in the WIFIA FAs and the WIFIA Debt Service Account free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto other than the Liens with respect to the WIFIA Loan, and all organizational, regulatory or other necessary action on the part of the Borrower to that end shall be duly and validly taken at all times. The Borrower shall at all times, to the extent permitted by law, defend, preserve and protect the Liens on the Authority Revenues, the right, title and interest of the Borrower in the WIFIA FAs and the WIFIA Debt Service Account granted pursuant to this Agreement and for the benefit of the WIFIA Lender under this Agreement against all claims and demands of all Persons whomsoever.

(c) Use of Proceeds. Each Obligor shall use the proceeds of the WIFIA Loan solely for purposes permitted by applicable law, this Agreement and the other Related Documents.

(d) Prosecution of Work; Verification Requirements.

(i) The Members (or the City on behalf of the Members) shall diligently prosecute the work relating to the Project and complete the Project in accordance with the Construction Schedule, the Governmental Approvals in connection with the Project, and prudent utility practice.

(ii) Each Member (or the City on behalf of the Members) shall ensure that each Construction Contractor complies with all applicable laws and legal or contractual requirements with respect to any performance security instrument delivered by such Construction Contractor to the Borrower and shall ensure that any letter of credit provided pursuant to any Construction Contract meets the requirements therefor set forth in such Construction Contract.

(iii) Each Obligor shall comply with Subpart C of 2 C.F.R. Part 180, as supplemented by Subpart C of 2 C.F.R. Part 1532 (relating to debarment), including the verification requirements set forth in 2 C.F.R. §§ 180.300 and 180.320, and shall include in its contracts with respect to the Project similar terms or requirements for compliance.

(e) Operation and Maintenance of the Systems; Insurance.

(i) The City has agreed in the MOA to operate and maintain the Project. Each Member covenants and agrees to operate its System in an efficient and economical manner and to operate, maintain and preserve its System in good repair and working order. Each Member shall at all times maintain with responsible insurers all such insurance on its System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such System. Each Member 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 such Member, the Borrower and the WIFIA Lender.

(ii) Promptly upon request by the WIFIA Lender, the Members (or the City on behalf of the Members) shall deliver to the WIFIA Lender copies of any underlying insurance policies obtained by or on behalf of such Member in respect of the Project. All such policies shall be available at all reasonable times for inspection by the WIFIA Lender, its agents and representatives.

(f) Events of Loss; Loss Proceeds. If an Event of Loss shall occur with respect to a System (including the Project) or any part thereof, the applicable Member (or the City on behalf of the Members) shall (i) diligently pursue all of its rights to compensation against all relevant insurers, reinsurers and Governmental Authorities, as applicable, in respect of such Event of Loss and (ii) apply all Net Loss Proceeds in respect of such Event of Loss to repair, reconstruct, and/or replace the portion of the System in respect of which the applicable Loss Proceeds were received to the extent such repair, reconstruction and/or replacement is necessary to comply with the first sentence of Section 14(e) (*Operation and Maintenance of the Systems; Insurance*). Such Member (or the City on behalf of the Members) shall begin such repair, reconstruction or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such repair, reconstruction or replacement as expeditiously as possible, and shall pay out of such Loss Proceeds all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and the System shall be free and clear of all claims and Liens. If such Net Loss Proceeds exceed the costs of such repair, reconstruction or replacement, then the excess Net Loss Proceeds shall be deposited in the applicable Revenue Fund and be available for other proper uses of funds deposited in such Revenue Fund. If such Net Loss Proceeds are insufficient to enable such Member to restore or replace the damaged portions of such System, such Member shall provide additional funds for that purpose.

(g) Maintain Legal Structure. The City shall maintain its existence as a general city and municipal corporation organized and existing under its Organizational Documents and the laws of the State. The District shall maintain its existence as a county sanitation district and subsidiary district of the City established under the laws of the State. The Borrower shall maintain its existence as a joint exercise of powers authority organized and existing under its Organizational Documents and the laws of the State.

(h) System Accounts; Permitted Investments.

(i) Each Member shall maintain its Revenue Fund in accordance with the terms hereof and the other WIFIA Loan Documents. Each Member's Revenues received shall be deposited in the applicable Revenue Fund when and as received in trust for the benefit of the holders of the Obligations, subject to the application of Revenues to Maintenance and Operation Costs. Moneys in the Revenue Funds shall be used and applied by the Members as provided in the Flows of Funds.

(ii) Amounts on deposit in the Funds and Accounts shall be held uninvested or invested in Permitted Investments. Permitted Investments must mature or be redeemable at the election of the applicable Obligor at such times as may be necessary to ensure that funds will be available within the applicable account to be applied towards the purpose for which the applicable account has been established.

(i) <u>WIFIA Debt Service Account</u>. The Borrower shall (i) establish the WIFIA Debt Service Account on or prior to the Effective Date and (ii) maintain the WIFIA Debt Service Account in accordance with this Agreement for the exclusive benefit of the WIFIA Lender. The WIFIA Debt Service Account shall be subject to a Lien and has been pledged by the Borrower hereunder to the WIFIA Lender as security solely for the benefit of the WIFIA Lender and shall not be subject to any security interest in favor of any Person other than the WIFIA Lender. Amounts on deposit in the WIFIA Debt Service Account shall be applied by the Borrower solely to pay WIFIA Debt Service and other amounts due with respect to the WIFIA Loan or the WIFIA Bond.

(j) <u>Compliance with Laws</u>.

(i) Each Obligor shall, and each Obligor shall require, its contractors and subcontractors at all tiers with respect to the Project to comply with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§ 3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. § 3914 (relating to American iron and steel products).

(ii) To ensure such compliance, each Obligor shall include in all contracts to which it is a party with respect to the Project (A) the contract clauses relating to the Davis-Bacon Act requirements that are set forth in the Code of Federal Regulations, Title 29 Part 5.5 and (B) requirements that its contractors (1) shall comply with all applicable laws, rules, regulations, and requirements set forth in this Section 14(j) (*Affirmative Covenants – Compliance with Laws*) and follow applicable federal guidance and (2) incorporate in all subcontracts (and cause all subcontractors to include in lower tier subcontracts) such terms and conditions as are required to be incorporated therein by any applicable laws, rules, regulations and requirements set forth in this Section 14(j) (*Affirmative Covenants – Compliance with Laws*) (including with respect to the Davis-Bacon Act requirements).

(iii) No use of proceeds of the WIFIA Loan or any other transaction contemplated by this Agreement or any other Related Document shall violate any applicable Sanctions, Anti-Money Laundering Laws, or Anti-Corruption Laws, or any applicable anti-drug trafficking or anti-terrorism laws.

(k) Material Obligations; Payment of Claims.

(i) Each Obligor shall pay its material obligations promptly and in accordance with their terms.

(ii) Each Member shall pay and discharge promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its Revenues or other assets of the related System, before the same shall become delinquent or in default; provided that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy, claim or Lien so long as the validity or amount thereof shall be contested by the applicable Member in good faith by appropriate proceedings and so long as such Member shall have set aside adequate reserves with respect thereto in accordance with and to the extent required by GAAP, applied on a consistent basis.

(iii) The Borrower shall pay and discharge promptly all taxes, assessments and governmental charges or levies imposed upon it or upon the Authority Revenues, before the same shall become delinquent or in default; provided that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy, claim or Lien so long as the validity or amount thereof shall be contested by the Borrower in good faith by appropriate proceedings and so long as the Borrower shall have set aside adequate reserves with respect thereto in accordance with and to the extent required by GAAP, applied on a consistent basis.

(iv) Each Member shall pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a Lien on such Member's System (or any part thereof), the Project, such Member's Net Revenues or any fund or account of the applicable Member pledged to pay Parity Obligations.

(v) The Borrower shall pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a Lien on the Authority Revenues, the right, title and interest of the Borrower in the WIFIA FAs, or the WIFIA Debt Service Account.

(l) SAM Registration. Each Obligor shall (i) obtain prior to the Effective Date (and provide such registration information to the WIFIA Lender) and maintain through the Final Disbursement Date an active registration status with the federal System for Award Management (www.SAM.gov) (or any successor system or registry) and (ii) within sixty (60) days prior to each anniversary of the Effective Date until the Final Disbursement Date, provide to the WIFIA Lender evidence of such active registration status with no active exclusions reflected in such registration.

(m) UEI Number. The Borrower shall obtain and maintain, on or prior to the Effective Date through the Final Maturity Date, a UEI Number.

(n) Immunity. To the fullest extent permitted by applicable law, each Obligor agrees that it will not assert any immunity (and hereby waives any such immunity) it may have as a governmental entity from lawsuits, other actions and claims, and any judgments with respect to the enforcement of any of the obligations of such Obligor under this Agreement or any other WIFIA Loan Document.

(o) Accounting and Audit Procedures.

(i) Each Obligor shall establish fiscal controls and accounting procedures sufficient to assure proper accounting for all of the following, as applicable to such Obligor: (A) Net Revenues, Authority Revenues, operating expenses, capital expenses, depreciation, reserves, debt issued and outstanding and debt payments; and (B) Project-related costs, WIFIA Loan requisitions submitted, WIFIA Loan proceeds received, payments made by the Obligors with regard to the Project, and other sources of funding for the Project (including amounts paid from such sources for Project costs so that audits may be performed to ensure compliance with and enforcement of this Agreement). Each Obligor shall use accounting, audit and fiscal procedures conforming to GAAP, including, with respect to the WIFIA Loan, accounting of principal and interest payments, disbursements, prepayments and calculation of interest and principal amounts Outstanding.

(ii) The Borrower shall have a single or program-specific audit conducted in accordance with 2 C.F.R. Part 200 Subpart F and 31 U.S.C. § 7502 for the first Fiscal Year in which a disbursement is made under this Agreement and annually thereafter, except to the extent biennial audits are permitted for the Borrower pursuant to 2 C.F.R. § 200.504 and 31 U.S.C. § 7502(b). Upon reasonable notice, each Obligor shall cooperate fully in the conduct of any periodic or compliance audits conducted by the WIFIA Lender, or designees thereof, pursuant to 40 C.F.R. Part 35, 31 U.S.C. § 7503(b), or 31 U.S.C. § 6503(h) and shall provide full access to any books, documents, papers or other records that are pertinent to the Project or the WIFIA Loan, to the WIFIA Lender, or the designee thereof, for any such project or programmatic audit.

(p) Access; Records.

(i) So long as the WIFIA Loan or any portion thereof shall remain outstanding and until five (5) years after the WIFIA Loan shall have been paid in full, the WIFIA Lender shall have the right, upon reasonable prior notice, to visit and inspect any portion of the Project, to examine books of account and records of each Obligor relating to the Project, to make copies and extracts therefrom at such Obligor's expense, and to discuss each Obligor's affairs, finances and accounts relating to the Project with, and to be advised as to the same by, its officers and employees and its independent public accountants (and by this provision each Obligor irrevocably authorizes its independent public accountants to discuss with the WIFIA Lender the affairs, finances and accounts of such Obligor, whether or not any representative of such Obligor is present, it being understood that nothing contained in this Section 14(p) (*Affirmative Covenants – Access; Records*) is intended to confer any right to exclude any such representative from such discussions), all at such reasonable times and intervals as the WIFIA Lender may request. Each Obligor agrees on a joint and several basis to pay all out-of-pocket expenses incurred by the WIFIA Lender in connection with the WIFIA Lender's exercise of its rights under this Section 14(p) (*Affirmative Covenants – Access; Records*) at any time when an Event of Default shall have occurred and be continuing.

(ii) Each Obligor shall maintain and retain all files relating to the Project and the WIFIA Loan until five (5) years after the later of the date on which (A) all rights and duties under this Agreement and under the WIFIA Bond (including payments) have been fulfilled and any required audits have been performed and (B) any litigation relating to the Project, the WIFIA Loan or this Agreement is finally resolved or, if the WIFIA Lender has reasonable cause to extend such date, a date to be mutually agreed upon by the WIFIA Lender and the Obligors. Each Obligor shall provide to the WIFIA Lender in a timely manner all records and documentation relating to the Project that the WIFIA Lender may reasonably request from time to time.

Section 15. Negative Covenants. Each Obligor covenants and agrees as follows (except to the extent such obligation is an express obligation of another Obligor) until the date the WIFIA Bond and all of the obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full in immediately available funds and the WIFIA Lender no longer has any commitment to make disbursements to the Borrower, unless the WIFIA Lender waives compliance in writing:

(a) Borrower Indebtedness. The Borrower shall not create, incur or suffer to exist (i) any debt obligations unless such obligations are secured by Liens on payments by one or more of the Members, which are (A) documented under a financing agreement, lease or other instrument and (B) at least equal in amount to the principal, interest and redemption amounts, as applicable, owed to the holders of such debt obligations or (ii) any debt obligations that are senior or prior in right to the payment by the Borrower from Authority Revenues of the WIFIA Loan, and in no event shall any obligations other than the WIFIA Loan be secured by Liens on Authority Revenues.

(b) Senior Lien and Project Obligations. Neither Member shall create, incur or suffer to exist (i) any Obligations which are senior or prior in right to (A) the payment by the Members of the Authority Bond Payments and the other Parity Obligations or (B) the Lien on the Net Revenues in favor of the Borrower or (ii) any obligations, all or a portion of the proceeds of which are or will be applied at any time to fund all or any portion of Total Project Costs, that are secured by a Lien on any assets or property of such Member other than the Net Revenues.

(c) Issuance of Parity Obligations.

(i) Without regard to Section 15(c)(iii) (*Negative Covenants – Issuance of Parity Obligations*), either Member may at any time issue or enter into an obligation or commitment which is a Qualified Swap Agreement; provided (A) 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 the City's Authorized Representative or the District's Authorized Representative, as applicable, and (B) 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.

(ii) Subject to Section 15(c)(iii) (*Negative Covenants – Issuance of Parity Obligations*), either Member may enter into Credit Support Instruments or otherwise become obligated for Credit Provider Reimbursement Obligations from time to time.

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

(A) Net Revenues of such Member in the most recent Fiscal Year, excluding transfers from the Rate Stabilization Fund, if any, meet the ratio required to satisfy the Rate Covenant as set forth in Section 14(a)(i) (*Rate Covenant*);

(B) such Member is not in default on any Outstanding Obligation; and

(C) (1) the estimated Net Revenues of such Member for the Fiscal Year in which the proposed Additional Parity Obligation is issued, and (2) projected Net Revenues of such Member for the five (5) Fiscal Years immediately following the Fiscal Year in which the Additional Parity Obligation is issued, will be at least equal to one hundred twenty percent (120%) of the maximum Annual Debt Service for such Fiscal Year(s) with respect to all Outstanding Parity Obligations, including the Additional Parity Obligation proposed to be issued. For purposes of clause (2), (x) if all or a portion of the interest on any Parity Obligations during such five (5) Fiscal Year period is being or will be capitalized, the five (5) Fiscal Year period will commence with the first Fiscal Year beginning on or after the last date on which such interest is capitalized, (y) projected Net Revenues of such Member for each Fiscal Year in the five (5) Fiscal Year period may include Revenues arising from increases in the rates and charges estimated to be fixed and prescribed or received for the services of the Water Enterprise or Sewer Enterprise, as applicable, and which are economically feasible and reasonably considered necessary based on projected operations for such Fiscal Years, and (z) Net Revenues of such Member may include Rate Stabilization Fund transfers, provided that the Net Revenues of such Member, excluding the amounts of such transfers, equals at least one hundred percent (100%) of the Maximum Annual Debt Service for the relevant Fiscal Year with respect to all Outstanding Parity Obligations, including the Additional Parity Obligation proposed to be issued.

(iv) For purposes of preparing the certificate or certificates described in Section 15(c)(iii) (*Negative Covenants – Issuance of Parity Obligations*) and Section 15(c)(v) (*Negative Covenants – Issuance of Parity Obligations*), the applicable Member and any Consultant may rely upon the books and records of such Member or any financial statements prepared by such Member which have not been subject to audit by an Independent Accountant if audited financial statements for the particular Fiscal Year selected by such Member are not available.

(v) Upon the incurrence of any Additional Parity Obligations, the applicable Member shall provide to the WIFIA Lender a certificate signed by the City's Authorized Representative or District's Authorized Representative, as applicable, (A) specifying the closing date with respect to such Additional Parity Obligations and (B) confirming that such Additional Parity Obligations are authorized pursuant to, and satisfy the applicable requirements under, this Section 15(c) (*Negative Covenants – Issuance of Parity Obligations*).

(d) Issuance of Subordinated Obligations.

(i) Either Member may, at any time and from time to time, issue any Subordinated Obligations; provided such Member obtains or provides a certificate or certificates, prepared by such Member or at such Member's option by a Consultant, showing that all of the following conditions are met:

(A) Net Revenues of such Member in the most recent Fiscal Year, excluding transfers from the Rate Stabilization Fund, if any, meet the ratio required to satisfy the Rate Covenant as set forth in Section 14(a)(i) (*Rate Covenant*);

(B) such Member is not in default on any Outstanding Obligation; and

(C) such Subordinated Obligation is fully subordinated to the Parity Obligations in priority of payment (as to both principal and interest), voting and priority of security interest with respect to the Net Revenues, including with respect to payment from revenues and reserves and payment upon default or acceleration of any such Obligations; provided that no Subordinated Obligation document shall supersede or conflict with any provision of the relevant WIFIA FA or contain a right to accelerate without the consent of the WIFIA Lender.

(ii) For purposes of preparing the certificate or certificates described in Section 15(d)(i) (*Negative Covenants – Issuance of Subordinated Obligations*) and Section 15(d)(iii) (*Negative Covenants – Issuance of Subordinated Obligations*), the applicable Member and any Consultant may rely upon the books and records of such Member or any financial statements prepared by such Member which have not been subject to audit by an Independent Accountant if audited financial statements for the particular Fiscal Year selected by such Member are not available.

(iii) Upon the incurrence of any Subordinated Obligations, the applicable Member shall provide to the WIFIA Lender a certificate signed by the City's Authorized Representative or District's Authorized Representative, as applicable, (A) specifying the closing date with respect to such Subordinated Obligations and (B) confirming that such Subordinated Obligations are authorized pursuant to, and satisfy the applicable requirements under, this Section 15(d) (*Negative Covenants – Issuance of Subordinated Obligations*).

(e) No Lien Extinguishment or Adverse Amendments. No Obligor shall, and no Obligor shall permit any Person to, without the prior written consent of the WIFIA Lender, (i) extinguish or impair the Liens on (A) the Net Revenues granted pursuant to the WIFIA FAs or on (B) the Authority Revenues, the right, title and interest of the Borrower in the WIFIA FAs or the WIFIA Debt Service Account granted pursuant to this Agreement, (ii) amend, modify, terminate, assign, replace or supplement, or permit a waiver of any provision of, either WIFIA FA, (iii) amend, modify, replace or supplement any Related Document (other than the WIFIA FAs, which are addressed in subclause (ii) above) or permit a waiver of any provision thereof in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to result in a Material Adverse Effect, or (iv) terminate, assign or replace any Related Document (other than the WIFIA FAs, which are addressed in subclause (ii) above) in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to have a Material Adverse Effect.

(f) No Prohibited Liens. Except for Permitted Liens, neither Member shall create, incur, assume or permit to exist any Lien on its System, the Project, its Net Revenues, or such Member's respective rights therein. Except for the Liens with respect to the WIFIA Loan for the benefit of the WIFIA Lender, the Borrower shall not create, incur, assume or permit to exist any Lien on the Authority Revenues, the right, title and interest of the Borrower in the WIFIA FAs or the WIFIA Debt Service Account.

(g) Restricted Payments and Transfers. Neither Member shall permit its Revenues or any funds in any other fund or account held by or on behalf of such Member with respect to its System, to be paid or transferred or otherwise applied for purposes other than ownership, operation or maintenance of its System.

(h) No Prohibited Sale, Lease or Assignment. Neither Member shall sell, lease or assign its rights in and to its System, a substantial portion of the assets included in its System, or its rights and obligations under any Construction Contract, in each case unless such sale, lease or assignment (i) could not reasonably be expected to have a Material Adverse Effect and (ii) is made by such Member in the ordinary course of business.

(i) Fiscal Year. No Obligor shall at any time adopt any fiscal year other than the Fiscal Year, except with thirty (30) days' prior written notice to the WIFIA Lender.

(j) Mergers and Acquisitions. No Obligor shall, or shall agree to, reorganize, consolidate with or merge into another Person unless (i) such reorganization, merger or consolidation is with or into another entity established by State law and such reorganization, merger or consolidation is permissible by State law, and in each case, does not adversely affect or impair (A) the Net Revenues (which shall be determined by reference by a pro forma provided by the affected Member that shows compliance with the applicable Rate Covenant in the Fiscal Year in which such merger occurs and the Fiscal Year immediately following the Fiscal Year in which such merger occurs), (B) the Authority Revenues or (C) the availability of the Authority Revenues for the payment and security of the obligations of the Borrower under this Agreement, and (ii) the applicable Obligor provides to the WIFIA Lender, no later than sixty (60) days prior to the date of reorganization, consolidation or merger, prior written notice of such reorganization, consolidation or merger and the agreements and documents authorizing the reorganization, consolidation or merger, satisfactory in form and substance to the WIFIA Lender. In addition, such Obligor shall provide all information concerning such reorganization, consolidation or merger as shall have been reasonably requested by the WIFIA Lender.

(k) No Defeasance. Notwithstanding anything to the contrary in any document, the WIFIA Loan shall not be subject to defeasance and no amounts in respect of the WIFIA Loan shall be considered or deemed to have been paid until the WIFIA Lender shall have received irrevocable payment in immediately available funds in accordance with the requirements for payment set forth in this Agreement.

(l) Hedging. Other than Qualified Swap Agreements, no Obligor shall enter into any swap or hedging transaction, including inflation indexed swap transactions, “cap” or “collar” transactions, futures, or any other hedging transaction without the prior written consent of the WIFIA Lender. No Obligor shall enter into any Qualified Swap Agreement for a speculative purpose.

Section 16. Reporting Requirements.

(a) Updated Financial Model.

(i) The Members (or the City on behalf of the Members) shall provide to the WIFIA Lender not later than ninety (90) days after the beginning of each Fiscal Year, an updated Base Case Financial Model reflecting the (A) then-current conditions and (B) projected conditions for a period not less than the greater of (1) the next five (5) succeeding Fiscal Years, (2) the duration of the City’s then-current adopted capital improvement plan period for the Water Enterprise and (3) the duration of the District’s then-adopted capital improvement plan period for the Sewer Enterprise.

(ii) The Updated Financial Model shall demonstrate to the satisfaction of the WIFIA Lender that the Members (or the City on behalf of the Members) have developed and identified adequate revenues to implement a plan for operating, maintaining and repairing the Project over its useful life, and shall include: (A) each Member’s capital improvement plan, major maintenance plan, projected rates and charges, projected debt outstanding and annual debt service, projected Revenues and projected Maintenance and Operation Costs; (B) evidence of compliance with the Rate Covenant for the most recent Fiscal Year and the projected Rate Covenant Debt Service coverages for the duration of the period set forth in Section 16(a)(i)(B) (*Reporting Requirements – Updated Financial Model*); (C) a written narrative identifying any material changes to the underlying assumptions from the previous Updated Financial Model; and (D) a certificate signed by the City’s Authorized Representative and the District’s Authorized Representative, certifying that (1) the Updated Financial Model, including the assumptions and supporting documentation, as of its date, is accurate and reasonable to the best of each Member’s knowledge and belief, (2) each Member’s annual projected Net Revenues are projected to be sufficient to meet the WIFIA Loan Amortization Schedule and to satisfy the Rate Covenant through the Final Maturity Date, and (3) each Member is in compliance with its obligations in respect of the Rate Covenant pursuant to Section 14(a) (*Affirmative Covenants – Rate Covenant*).

(iii) The delivery of the Updated Financial Model to the WIFIA Lender shall constitute a representation and warranty by each Member that the Updated Financial Model reflects such Member’s reasonable expectations, using assumptions that such Member believes to be reasonable, of its System’s expected operations, including capital costs, capital spending schedule, rates and revenues or charges (if applicable), Revenues, Maintenance and Operation Costs, major maintenance costs, financing structure and other scheduling, cost and financing elements required to be included in the Base Case Financial Model. The Updated Financial Model shall independently model the Project (as well as the Systems) addressing each of the foregoing as it may apply to the Project.

(b) Annual Financial Statements. Each Obligor shall deliver to the WIFIA Lender, as soon as available, but no later than one hundred eighty (180) days after the end of each Fiscal Year; provided that the failure of an Obligor to deliver to the WIFIA Lender the annual audited financial statements and related certificate required under this Section 16(b) (*Reporting Requirements – Annual Financial Statements*) during the period that is one hundred eighty (180) days after the end of the applicable Fiscal Year shall not constitute a Default or an Event of Default so long as the relevant Obligor provides such annual audited financial statements and certificate within ninety (90) days after the end of such period:

(i) a copy of the audited financial statements, including a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows of such Obligor as of the end of such Fiscal Year (which may in each case be included and submitted to the WIFIA Lender as part of such Obligor's audited comprehensive annual financial report) (A) certified without qualification or exception, or qualification as to the scope of the audit, by an independent public accounting firm selected by such Obligor and (B) which shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except, with respect to the annual financial statements, for changes approved or required by the independent public accountants certifying such statements and disclosed therein); and

(ii) together with each delivery of such annual audited financial statements, a certificate signed by the applicable Authorized Representative stating whether or not, to such Obligor's knowledge, during the annual period covered by such financial statements, there occurred any Default or Event of Default and, if any such Default or Event of Default shall have occurred during such period, the nature of such Default or Event of Default and the actions that such Obligor has taken or intends to take in respect thereof.

(c) Final Design Specifications. The Members (or the City on behalf of the Members) shall deliver to the WIFIA Lender, no later than thirty (30) days prior to (i) bid advertisement, a copy of the final specifications relating to the development and construction of the Project and (ii) any notice to proceed for the Project, a copy of the executed construction contract related to such notice to proceed and the final Project specifications.

(d) Construction Reporting The WIFIA Lender shall have the right in its sole discretion to monitor (or direct its agents to monitor) the development of the Project, including environmental compliance, design, and construction of the Project. The Members (or the City on behalf of the Members) shall be responsible for administering construction oversight of the Project in accordance with applicable federal, state and local governmental requirements. Each Member agrees to cooperate in good faith with the WIFIA Lender in the conduct of such monitoring by promptly providing the WIFIA Lender with such reports, documentation or other information as shall be requested by the WIFIA Lender or its agents, including any independent engineer reports, documentation or information. During the period through Substantial Completion of the Project, the Members (or the City on behalf of the Members) shall furnish to the WIFIA Lender, on a quarterly basis, a report on the status of the Project, substantially in the form of **Exhibit F** (*Form of Construction Monitoring Report*). The report shall be executed by the City's Authorized Representative and, for any quarter, shall be delivered to the WIFIA Lender within thirty (30) days of the following quarter (or if such day is not a Business Day, on the next following Business Day). If the then-current projection for the Substantial Completion Date is a date later than the Projected Substantial Completion Date, the Members (or the City on behalf of the Members) shall provide in such report a description in reasonable detail to the reasonable satisfaction of the WIFIA Lender of the reasons for such projected delay, an estimate of the impact of such delay on the capital and operating costs of the Systems (if any), and a certification of the City's Authorized Representative that the new date is not reasonably expected to result in a Material Adverse Effect. The Projected Substantial Completion Date shall automatically be adjusted to the new date specified by the Members in the Construction Monitoring Report unless the WIFIA Lender objects to the adjustment in writing to the Members within sixty (60) days following receipt of such Construction Monitoring Report on the basis that such report does not demonstrate the matters specified in this paragraph.

(e) Public Benefits Report. The Members (or the City on behalf of the Members) shall deliver to the WIFIA Lender a report, in the form of **Exhibit G** (*Form of Public Benefits Report*) (the "**Public Benefits Report**"), (i) no later than thirty (30) days prior to the Effective Date, (ii) within ninety (90) days following the Substantial Completion Date and (iii) within ninety (90) days following the fifth (5^{th}) anniversary of the Substantial Completion Date. Each Obligor agrees that information described under this Section 16(e) (*Reporting Requirements – Public Benefits Report*) may be made publicly available by the WIFIA Lender at its discretion.

(f) Modifications to Total Project Costs. For the period through the Substantial Completion Date, the Members (or the City on behalf of the Members) shall provide the WIFIA Lender with written notification at least thirty (30) days prior to instituting any increase or decrease to the aggregate Total Project Costs in an amount equal to or greater than ten percent (10%), which notification shall set forth the nature of the proposed increase or decrease and an estimate of the impact of such increase or decrease on the capital costs and operating costs of the Systems. The Members' notice shall demonstrate that the proposed increase or decrease is consistent with the provisions of this Agreement, is necessary or beneficial to the Project, does not materially impair the WIFIA Lender's security or any Obligor's ability to comply with its obligations under the Related Documents (including any financial ratios or covenants included therein), and is not reasonably expected to result in a Material Adverse Effect.

(g) Operations and Maintenance. The WIFIA Lender shall have the right, in its sole discretion, to monitor (or direct its agents to monitor) the Project's operations and, as the WIFIA Lender may request from time to time, to receive reporting on the operation and management of the Project, and copies of any contracts relating to the operation and maintenance of the Project. The Members agree to cooperate in good faith with the WIFIA Lender in the conduct of such monitoring by promptly providing the WIFIA Lender with such reports, documentation, or other information requested by the WIFIA Lender. The WIFIA Lender has the right, in its sole discretion, to retain such consultants or advisors, to carry out the provisions of this

Section 16(g) (*Reporting Requirements – Operations and Maintenance*). On or prior to the Substantial Completion Date, the Members (or the City on behalf of the Members) shall deliver to the WIFIA Lender an operations and maintenance manual with respect to the Project, in form and substance reasonably acceptable to the WIFIA Lender.

(h) Notices.

(i) Each Obligor shall, within fifteen (15) days (or such other time as specified below) after it learns of the occurrence, give the WIFIA Lender notice of any of the following events or receipt of any of the following notices, as applicable, setting forth details of such event (unless such notice has already been provided by another Obligor); provided that any notice required pursuant to paragraphs (A) (*Substantial Completion*), (D) (*Delayed Governmental Approvals*), (E) (*Environmental Notices*) or (H) (*Uncontrollable Force*) of this Section 16(h) may be provided by the City on behalf of the applicable Obligor:

(A) Substantial Completion: the occurrence of Substantial Completion, such notice to be provided in the form set forth in **Exhibit E** (*Form of Certificate of Substantial Completion*);

(B) Defaults; Events of Default: any Default or Event of Default;

(C) Litigation: (1) the filing of any litigation, suit or action, or the commencement of any proceeding, against such Obligor before any arbitrator, Governmental Authority, alternative dispute resolution body, or other neutral third-party, or the receipt by such Obligor in writing of any threat of litigation, suit, action, or proceeding, or of any written claim against such Obligor that, in each case, could reasonably be expected to have a Material Adverse Effect, and any material changes in the status of such litigation, suit, action or claim, and (2) any judgment against such Obligor that could reasonably be expected to have a Material Adverse Effect, either individually or in the aggregate;

(D) Delayed Governmental Approvals: any failure to receive or delay in receiving any Governmental Approval or making any required filing, notice, recordation or other demonstration to or with a Governmental Authority, in each case to the extent such failure or delay will or could reasonably be expected to result in a delay to any major milestone date (including the Projected Substantial Completion Date) set forth in the Construction Schedule, together with a written explanation of the reasons for such failure or delay and the applicable Obligor's plans to remedy or mitigate the effects of such failure or delay;

(E) Environmental Notices: any material notice of violation or material change in finding under any Environmental Law related to the Project or any material changes to the NEPA Determination;

(F) Amendments: except as otherwise agreed by the WIFIA Lender in writing, copies of fully executed amendments, modifications, replacements or supplements to any Related Document within ten (10) days following execution thereof; provided that such notice can be accomplished through an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA under the WIFIA CUSIP Number;

(G) Related Document Defaults: any material breach or default or event of default on the part of such Obligor or any other party under any Related Document; provided that such notice can be accomplished through an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA under the WIFIA CUSIP Number;

(H) Uncontrollable Force: the occurrence of any Uncontrollable Force that could reasonably be expected to materially and adversely affect the Project;

(I) Ratings Changes: any change in the rating assigned to the WIFIA Loan or any other Obligations by any Nationally Recognized Rating Agency that has provided a public rating on the WIFIA Loan or such Obligations, and any notices, reports or other written materials (other than those that are ministerial in nature) received from any such rating agencies; provided that such notice can be accomplished through an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA under the WIFIA CUSIP Number;

(J) 2 C.F.R. § 180.350 Notices: any notification required pursuant to 2 C.F.R. § 180.350, whether attributable to a failure by such Obligor to disclose information previously required to have been disclosed or due to such Obligor or any of such Obligor's principals meeting any of the criteria set forth in 2 C.F.R. § 180.335;

(K) Additional Construction Contracts: copies of any executed Additional Construction Contracts (together with any related contracts, side letters or other understandings);

(L) Issuance of Obligations: copies of any final Issuing Instrument (together with any continuing disclosure documents, ordinances, official statement, certifications or cash flow projections in connection therewith), prepared in connection with the incurrence of any Additional Obligations; provided that such notice can be accomplished through an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA under the WIFIA CUSIP Number;

(M) Postings on EMMA: the posting of any document on EMMA in accordance with the requirements of any continuing disclosure agreement or similar document with respect to any Outstanding Obligations relating to annual financial information and operating data and the reporting of significant events; provided that such notice can be accomplished through an email to the WIFIA

Lender that includes a link to the posting of the relevant document on EMMA under the WIFIA CUSIP Number; and

(N) Other Adverse Events: the occurrence of any other event or condition, including any notice of breach from a contract counterparty or any holder of any Obligations, that could reasonably be expected to result in a Material Adverse Effect or have a material and adverse effect on the Project.

(ii) Within thirty (30) calendar days after any Obligor learns of the occurrence of an event specified in Section 16(h)(i) (*Reporting Requirements – Notices*) (other than Section 16(h)(i)(A) (*Reporting Requirements – Notices – Substantial Completion*), Section 16(h)(i)(F) (*Reporting Requirements – Notices – Amendments*), Section 16(h)(i)(I) (*Reporting Requirements – Notices – Ratings Changes*) (in the case of a ratings upgrade), Section 16(h)(i)(K) (*Reporting Requirements – Notices – Additional Construction Contracts*), Section 16(h)(i)(L) (*Reporting Requirements – Notices – Issuance of Obligations*) or Section 16(h)(i)(M) (*Reporting Requirements – Notices – Postings on EMMA*)), the applicable Authorized Representative (or, in the case of Section 16(h)(i)(D) (*Delayed Governmental Approvals*), Section 16(h)(i)(E) (*Environmental Notices*) or Section 16(h)(i)(H) (*Uncontrollable Force*), the City's Authorized Representative on behalf of the applicable Obligor) shall provide a statement to the WIFIA Lender setting forth the actions the applicable Obligor proposes to take with respect thereto. The Obligors (or the City on behalf of the applicable Obligor) shall also provide the WIFIA Lender with any further information reasonably requested by the WIFIA Lender from time to time concerning the matters described in Section 16(h)(i) (*Reporting Requirements – Notices*).

(i) Requested Information. Each Obligor shall, at any time while the WIFIA Loan remains outstanding, promptly deliver to the WIFIA Lender such additional information regarding the business, financial, legal or organizational affairs of such Obligor or regarding the Systems (including the Project), the Net Revenues or the Authority Revenues as the WIFIA Lender may from time to time reasonably request.

ARTICLE VI
EVENTS OF DEFAULT

Section 17. Events of Default and Remedies.

(a) An "**Event of Default**" shall exist under this Agreement if any of the following occurs; provided that the occurrence of an event set forth in Section 17(a)(ii) (*Covenant Default*), Section 17(a)(iii) (*Misrepresentation Default*), Section 17(a)(v) (*Enforcement of Related Documents*), Section 17(a)(vi) (*Material Adverse Judgment*) or Section 17(a)(ix) (*Development Default*) shall not constitute an Event of Default under this Agreement until the WIFIA Lender has provided a notice of such Event of Default to the Borrower; provided, further, that nothing in this Section 17(a) (*Events of Default and Remedies*) is intended to limit any obligation of the Borrower hereunder, including any obligation to cure any event or condition contemplated under this Section 17(a) (*Events of Default and Remedies*):

(i) Payment Default. (A) The Borrower shall fail to pay when due any part of the principal amount of or interest on the WIFIA Loan (including WIFIA Debt Service required to have been paid pursuant to the provisions of Section 8 (*Payment of Principal and Interest*)) or (B) either Member shall fail to pay when due any part of any Authority Bond Payment required to have been paid pursuant to the provisions of any WIFIA FA, and, in each case, such failure continues for a period of five (5) days, when and as the payment thereof shall be required under this Agreement, the WIFIA Bond, any WIFIA FA or on the Final Maturity Date (each such failure, a "**Payment Default**").

(ii) Covenant Default. Any Obligor shall fail to observe or perform any covenant, agreement or obligation of such Obligor under this Agreement or any other WIFIA Loan Document (other than in the case of any Payment Default or any Development Default), and such failure shall not be cured within thirty (30) days after the earlier to occur of (A) receipt by such Obligor from the WIFIA Lender of written notice thereof or (B) such Obligor's knowledge of such failure; provided that if such failure is capable of cure but cannot reasonably be cured within such thirty (30) day cure period, and such thirty (30) day cure period shall be extended by up to one hundred fifty (150) additional days, if and so long as (1) within such thirty (30) day cure period the applicable Obligor shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured and (2) such failure is cured within one hundred eighty (180) days of the date specified in either clause (A) or (B) above, as applicable.

(iii) Misrepresentation Default. Any of the representations, warranties or certifications of any Obligor made in or delivered pursuant to the WIFIA Loan Documents (or in any certificates delivered by any Obligor in connection with the WIFIA Loan Documents) shall prove to have been false or misleading in any material respect when made or deemed made (or any representation and warranty or certification that is subject to a materiality qualifier shall prove to have been false or misleading in any respect); provided that no Event of Default shall be deemed to have occurred under this Section 17(a)(iii) (*Events of Default and Remedies – Misrepresentation Default*) if and so long as (A) such misrepresentation is not intentional, (B) such misrepresentation is not a misrepresentation in respect of Section 12(g) (*Representations and Warranties of Obligors – Security Interests*), Section 12(h) (*Representations and Warranties of Obligors – No Debarment*), Section 12(i) (*Representations and Warranties of Obligors – No Lobbying*) or Section 12(k) (*Representations and Warranties of Obligors – Compliance with Laws*), (C) in the reasonable determination of the WIFIA Lender, such misrepresentation has not had, and would not reasonably be expected to result in, a Material Adverse Effect, (D) in the reasonable determination of the WIFIA Lender, the underlying issue giving rise to the misrepresentation is capable of being cured and (E) the underlying issue giving rise to the misrepresentation is cured by such Obligor within thirty (30) days after the date on which such Obligor first became aware (or reasonably should have become aware) of such misrepresentation.

(iv) Acceleration of Obligations. Any acceleration shall occur of the maturity of any Obligation, or any such Obligation shall not be paid in full upon the final maturity thereof.

(v) Enforcement of Related Documents. The holder(s) of Obligations under a Related Document exercises remedies permitted thereunder for an event of default that has occurred and is continuing (and has not been cured or waived by the expiration of any applicable grace period), in respect of the performance of any covenant, agreement or obligation of any Obligor under such Related Document.

(vi) Material Adverse Judgment. Any final, non-appealable judgment related to the Net Revenues, the Authority Revenues, either System or the Project shall be entered against any Obligor that results in the impairment of (A) any Obligor's ability to comply with any of such Person's payment obligations under any other WIFIA Loan Document or (B) the existence, priority or perfection of the Borrower's security interest in the Net Revenues or the WIFIA Lender's security interest in the Authority Revenues, the Borrower's rights with respect to the WIFIA FAs or the WIFIA Debt Service Account.

(vii) Occurrence of Bankruptcy Related Event. A Bankruptcy Related Event shall occur.

(viii) Invalidity of WIFIA Loan Documents. (A) Any WIFIA Loan Document ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void, voidable, illegal or unenforceable, or any Obligor contests in any manner the validity or enforceability of any WIFIA Loan Document to which it is a party or denies it has any further liability under any WIFIA Loan Document to which it is a party, or purports to revoke, terminate or rescind any WIFIA Loan Document to which it is a party; (B) either WIFIA FA ceases (other than as expressly permitted thereunder) to be effective or to grant a valid and binding security interest on any material portion of either Member's Net Revenues, and with the priority purported to be created thereby; (C) this Agreement ceases to be effective or to grant a valid and binding security interest on any material portion of the Authority Revenues, the right, title and interest of the Borrower in the WIFIA FAs or the WIFIA Debt Service Account, other than as a result of actions or a failure to act by, and within the control of, the WIFIA Lender, and with the priority purported to be created thereby; or (D) any event occurs that results in the impairment in the validity, enforceability, perfection or priority of (1) the Borrower's Lien on the Net Revenues or (2) the WIFIA Lender's Lien on the Authority Revenues, the right, title and interest of the Borrower in the WIFIA FAs or the WIFIA Debt Service Account.

(ix) Development Default. A Development Default shall occur.

(b) Upon (i) the occurrence of any Bankruptcy Related Event or (ii) the acceleration of any amounts under either WIFIA FA, all obligations of the WIFIA Lender hereunder with respect to the disbursement of any undisbursed amounts of the WIFIA Loan shall automatically be deemed terminated, and the Outstanding WIFIA Loan Balance, together with all interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under this Agreement and the other WIFIA Loan Documents, shall automatically become immediately due and payable, without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived.

(c) Upon the occurrence of any Event of Default, the WIFIA Lender, by written notice to the Obligors, may exercise any or all of the following remedies:

(i) the WIFIA Lender may suspend or terminate all of its obligations hereunder with respect to the disbursement of any undisbursed amounts of the WIFIA Loan;

(ii) the WIFIA Lender may apply the Default Rate provisions of Section 6 (*Interest Rate*);

(iii) the WIFIA Lender may suspend or debar any Obligor from further participation in any Government program administered by the WIFIA Lender and notify other departments and agencies of such default;

(iv) the WIFIA Lender shall be entitled and empowered to institute against an Obligor any actions or proceedings at law or in equity for the collection of any sums due and unpaid by such Obligor hereunder or under the other WIFIA Loan Documents, and may prosecute any such judgment or final decree against such Obligor and collect in the manner provided by law out of the property of such Obligor the moneys adjudged or decreed to be payable, and the WIFIA Lender shall have all of the rights and remedies of a creditor and may take such other actions at law or in equity against an Obligor as may appear necessary or desirable to collect all amounts payable by such Obligor under this Agreement or the other WIFIA Loan Documents then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of such Obligor under this Agreement or the other WIFIA Loan Documents, including directing the Borrower to exercise any rights or remedies under either WIFIA FA; and

(v) the WIFIA Lender may declare the Outstanding WIFIA Loan Balance to be, and the same shall thereupon forthwith become, immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under this Agreement and the other WIFIA Loan Documents, all without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived.

(d) Notwithstanding anything to the contrary set forth in any WIFIA Loan Document, the Borrower shall not have the right to (i) accelerate the Authority Bond Payments or (ii) exercise any other rights or remedies under either WIFIA FA following the occurrence of an "Event of Default" under and as defined in such WIFIA FA without the prior written direction of the WIFIA Lender.

(e) No action taken pursuant to this Section 17 (*Events of Default and Remedies*) shall relieve any Obligor from its obligations pursuant to this Agreement or the other WIFIA Loan Documents, all of which shall survive any such action.

ARTICLE VII
MISCELLANEOUS

Section 18. Disclaimer of Warranty. The WIFIA Lender makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for a particular purpose or fitness for use of the Project or any portion thereof or any other warranty with respect thereto. In no event shall the WIFIA Lender be liable for any incidental, indirect, special or consequential damages incidental to or arising out of this Agreement or the System (including the Project) or the existence, furnishing, functioning or use of the Project or any item or products or services provided for in this Agreement.

Section 19. No Personal Recourse. No official, employee or agent of the WIFIA Lender or any Obligor or any Person executing this Agreement or any of the other WIFIA Loan Documents shall be personally liable on this Agreement or such other WIFIA Loan Documents by reason of the issuance, delivery or execution hereof or thereof.

Section 20. No Third-Party Rights. The parties hereby agree that this Agreement creates no third-party rights against any Obligor, the Government, or the WIFIA Lender, solely by virtue of the WIFIA Loan, and each Obligor agrees to indemnify on a joint and several basis and hold the WIFIA Lender, the Servicer (if any), the Administrator, and the Government harmless, to the extent permitted by law and in accordance with Section 32 (*Indemnification*), from any lawsuit or claim arising in law or equity solely by reason of the WIFIA Loan, and that no third-party creditor of any Obligor shall have any right against the WIFIA Lender with respect to the WIFIA Loan made pursuant to this Agreement.

Section 21. Obligors' Authorized Representatives. Each Obligor shall at all times have appointed an authorized representative by designating such Person or Persons from time to time to act on such Obligor's behalf pursuant to a written certificate furnished to the WIFIA Lender and the Servicer, if any, containing the specimen signature or signatures of such Person or Persons and signed by the Borrower.

Section 22. WIFIA Lender's Authorized Representative. The WIFIA Lender hereby appoints the Director of the WIFIA Program, whose notice details are set forth below in Section 31 (*Notices*), to serve as the WIFIA Lender's Authorized Representative under this Agreement until such time as a successor or successors shall have been appointed. Thereafter, the successor in office shall serve as the WIFIA Lender's Authorized Representative. The WIFIA Lender shall provide notice to the Obligors within a reasonable time period following the succession.

Section 23. Servicer. The WIFIA Lender may from time to time designate another entity or entities to perform, or assist the WIFIA Lender in performing, the duties of the Servicer or specified duties of the WIFIA Lender under this Agreement and the WIFIA Bond. The WIFIA Lender shall give the Obligors written notice of the appointment of any successor or additional Servicer and shall enumerate the duties or any change in duties to be performed by any Servicer. Any references in this Agreement to the WIFIA Lender shall be deemed to be a reference to the Servicer with respect to any duties which the WIFIA Lender shall have delegated to such Servicer. The WIFIA Lender may at any time assume the duties of any Servicer under this Agreement and the WIFIA Bond. Each Obligor shall cooperate and respond to any reasonable request of the Servicer for information, documentation or other items reasonably necessary for the performance by the Servicer of its duties hereunder.

Section 24. Amendments and Waivers. No amendment, modification, termination, or waiver of any provision of this Agreement or the WIFIA Bond shall in any event be effective without the prior written consent of each of the parties hereto.

Section 25. Governing Law. This Agreement shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable and the internal laws of the State, if and to the extent such federal laws are not applicable.

Section 26. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal, or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 27. Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective permitted successors and assigns and shall inure to the benefit of the parties hereto and their permitted successors and assigns. Neither the rights or obligations of any Obligor hereunder or under the WIFIA Bond nor any interest herein or therein may be assigned or delegated by such Obligor without the prior written consent of the WIFIA Lender.

Section 28. Remedies Not Exclusive. No remedy conferred herein or in the WIFIA Bond or reserved to the WIFIA Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the WIFIA Bond or now or hereafter existing at law or in equity or by statute.

Section 29. Delay or Omission Not Waiver. No delay or omission of the WIFIA Lender to exercise any right or remedy provided hereunder or under the WIFIA Bond upon a default of any Obligor (except a delay or omission pursuant to a written waiver) shall impair any such right or remedy or constitute a waiver of any such default or acquiescence therein. Every right and remedy given by this Agreement or the WIFIA Bond or by law to the WIFIA Lender may be exercised from time to time, and as often as may be deemed expedient by the WIFIA Lender.

Section 30. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic delivery of an executed counterpart of a signature page of this Agreement or of any document or instrument delivered in connection herewith in accordance with Section 31 (*Notices*) shall be effective as delivery of an original executed counterpart of this Agreement or such other document or instrument, as applicable.

Section 31. Notices. Notices hereunder shall be (a) in writing, (b) effective as provided below and (c) given by (i) nationally recognized courier service, (ii) hand delivery, or (iii) email, in each case to:

If to WIFIA Lender: Environmental Protection Agency
WJC-W 6201A
1200 Pennsylvania Avenue NW
Washington, D.C. 20460
Attention: WIFIA Director
Email: WIFIA_Portfolio@epa.gov

If to Borrower: Daly City Joint Powers Financing Authority
333 90th Street
Daly City, California 94015
Attention: General Manager
Email: tpiccolotti@dalycity.org

If to City: City of Daly City
333 90th Street,
Daly City, California 94015
Attention: City Manager
Email: tpiccolotti@dalycity.org

If to District: North San Mateo Sanitation District
333 90th Street
Daly City, California
Attention: General Manager
Email: tpiccolotti@dalycity.org

Unless otherwise instructed by the WIFIA Lender's Authorized Representative, all notices to the WIFIA Lender should be made by email to the email address noted above for the WIFIA Lender. Notices required to be provided herein shall be provided to such different addresses or to such further parties as may be designated from time to time by the applicable Authorized Representative, with respect to notices to the applicable Obligor, or by the WIFIA Lender's Authorized Representative, with respect to notices to the WIFIA Lender or the Servicer. Each such notice, request or communication shall be effective (A) if delivered by hand or by nationally recognized courier service, when delivered at the address specified in this Section 31 (*Notices*) (or in accordance with the latest unrevoked written direction from the receiving party) and (B) if given by email, when such email is delivered to the address specified in this Section 31 (*Notices*) (or in accordance with the latest unrevoked written direction from the receiving party); provided that notices received on a day that is not a Business Day or after 5:00 p.m. Eastern Time on a Business Day will be deemed to be effective on the next Business Day.

Section 32. Indemnification. Each Obligor shall, to the extent permitted by law, indemnify on a joint and several basis the WIFIA Lender and any official, employee, agent, advisor or representative of the WIFIA Lender (each such Person being herein referred to as an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, fines, penalties, costs and expenses (including the fees, charges and disbursements of any counsel for any Indemnitee and the costs of environmental remediation), whether known, unknown, contingent or otherwise, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (a) the execution, delivery and performance of this Agreement or any of the other Related Documents, (b) the WIFIA Loan or the use of the proceeds thereof, or (c) the violation of any law, rule, regulation, order, decree, judgment or administrative decision relating to the environment, the preservation or reclamation of natural resources, the management, release or threatened release of any hazardous material or to health and safety matters; in each case arising out of or in direct relation to the Project; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities, fines, penalties, costs or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. In case any action or proceeding is brought against an Indemnitee by reason of any claim with respect to which such Indemnitee is entitled to indemnification hereunder, each Obligor shall be entitled, at its expense, to participate in the defense thereof; provided that such Indemnitee has the right to retain its own counsel, at such Obligor's expense, and such participation by such Obligor in the defense thereof shall not release such Obligor of any liability that it may have to such Indemnitee. Any Indemnitee against whom any indemnity claim contemplated in this Section 32 (*Indemnification*) is made shall be entitled, after consultation with each Obligor and upon consultation with legal counsel wherein such Indemnitee is advised that such indemnity claim is meritorious, to compromise or settle any such indemnity claim. Any such compromise or settlement shall be binding upon each Obligor for purposes of this Section 32 (*Indemnification*). Nothing herein shall be construed as a waiver of any legal immunity that may be available to any Indemnitee. To the extent permitted by applicable law, no Obligor nor the WIFIA Lender shall assert, and each Obligor and the WIFIA Lender hereby waives, any claim against any Indemnitee or any Obligor, respectively, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any of the other Related Documents, the other transactions contemplated hereby and thereby, the WIFIA Loan or the use of the proceeds thereof; provided that nothing in this sentence shall limit any Obligor's indemnity obligations to the extent such damages are included in any third-party claim in connection with which an Indemnitee is entitled to indemnification hereunder. All amounts due to any Indemnitee under this Section 32 (*Indemnification*) shall be payable promptly upon demand therefor. The obligations of each Obligor under this Section 32 (*Indemnification*) shall survive the payment or prepayment in full or transfer of the WIFIA Loan, the enforcement of any provision of this Agreement or the other Related Documents, any amendments, waivers (other than amendments or waivers in writing with respect to this Section 32) (*Indemnification*) or consents in respect hereof or thereof, any Event of Default, and any workout, restructuring or similar arrangement of the obligations of any Obligor hereunder or thereunder.

Section 33. Sale of WIFIA Loan. The WIFIA Lender shall not sell the WIFIA Loan at any time prior to the later of (a) the Substantial Completion Date and (b) other than with respect to a sale or transfer to another Governmental Entity within the Federal Government, the Final Disbursement Date. After such date, the WIFIA Lender may sell the WIFIA Loan to another entity or reoffer the WIFIA Loan into the capital markets only in accordance with the provisions of this Section 33 (*Sale of WIFIA Loan*). Such sale or reoffering shall be on such terms as the WIFIA Lender shall deem advisable. However, in making such sale or reoffering the WIFIA Lender shall not change the terms and conditions of the WIFIA Loan without the prior written consent of each Obligor in accordance with Section 24 (*Amendments and Waivers*). Prior to any sale or reoffering of the WIFIA Loan, the WIFIA Lender shall provide reasonable written notice to the Obligors of the WIFIA Lender's intention to consummate such a sale or reoffering. The provision of any notice pursuant to this Section 33 (*Sale of WIFIA Loan*) shall neither (x) obligate the WIFIA Lender to sell nor (y) provide the Obligors with any rights or remedies in the event the WIFIA Lender, for any reason, does not sell the WIFIA Loan.

Section 34. Effectiveness. This Agreement shall be effective on the Effective Date.

Section 35. Termination. This Agreement shall terminate upon the irrevocable payment in full in immediately available funds by the Borrower of the Outstanding WIFIA Loan Balance, together with all accrued interest, fees and expenses with respect thereto; provided that the indemnification requirements of Section 32 (*Indemnification*), the reporting and record keeping requirements of Section 14(p) (*Affirmative Covenants – Access; Records*) and the payment requirements of Section 10 (*Fees and Expenses*) shall survive the termination of this Agreement as provided in such sections.

Section 36. Integration. This Agreement, together with the other WIFIA Loan Documents, constitutes the entire contract between the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

Section 37. City Role. The District acknowledges that, pursuant to Section 7 of the MOA, the City is designated and serves as manager with respect to the Project. Consistent with such role, the District hereby authorizes the City to exercise certain rights and perform certain obligations on its behalf under this Agreement as expressly provided herein.

[*The remainder of this page intentionally left blank; signature pages immediately follow.*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

DALY CITY JOINT POWERS FINANCING AUTHORITY, by its authorized representative

By: ________________________________
Name:
Title:

[*Signature Page to Vista Grande Drainage Basin Improvement Project (Daly City Joint Powers Financing Authority, City of Daly City and North San Mateo County Sanitation District) – WIFIA Loan Agreement*]

CITY OF DALY CITY,
by its authorized representative

By: ________________________________
Name:
Title:

Approved as to form

____
City Attorney

[*Signature Page to Vista Grande Drainage Basin Improvement Project (Daly City Joint Powers Financing Authority, City of Daly City and North San Mateo County Sanitation District) – WIFIA Loan Agreement*]

NORTH SAN MATEO COUNTY SANITATION DISTRICT, by its authorized representative

By: ______________________________
Name:
Title:

Approved as to form

____
[General Counsel]

[*Signature Page to Vista Grande Drainage Basin Improvement Project (Daly City Joint Powers Financing Authority, City of Daly City and North San Mateo County Sanitation District) – WIFIA Loan Agreement*]

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator of the United States Environmental Protection Agency

By: ________________________________
Name: Lee M. Zeldin
Title: Administrator

[*Signature Page to Vista Grande Drainage Basin Improvement Project (Daly City Joint Powers Financing Authority, City of Daly City and North San Mateo County Sanitation District) – WIFIA Loan Agreement*]

SCHEDULE I

PROJECT BUDGET

SOURCES OF FUNDS	AMOUNT ($ USD)	PERCENTAGE (%)
WIFIA Loan	$33,890,228	21.7%
SRF Loan	62,888,288	40.3%
Contributions – CalTrans	3,440,000	2.2%
Contributions – San Francisco Public Utilities Commission	35,000,000	22.4%
Contributions – San Mateo County	15,000,000	9.6%
Grants	5,959,752	3.8%
Total Sources of Funds	**$156,178,268**	**100.0%**

USES OF FUNDS	AMOUNT ($ USD)	PERCENTAGE (%)
Project Construction	$141,300,758	90.5%
Contingency	14,130,076	9.0%
Financing Costs	747,434	0.5%
Total Uses of Funds	**$156,178,268**	**100.0%**
Total Eligible Project Costs	**$156,178,268**	**100.0%**
Total Project Costs	**$156,178,268**	**100.0%**

SCHEDULE II

CONSTRUCTION SCHEDULE[2]

Project Element	Design Completion	Advertise Bids	Permit Issuance	Construction Start	Construction End
Vista Grande Drainage Improvement Project	August 2024	August 2025	Ongoing	January 2026	August 2029

[2] **Note to Draft**: City to confirm construction schedule as of the Effective Date.

SCHEDULE III

EXISTING INDEBTEDNESS

A. Parity Obligations of the City

	Agreement/Series	Outstanding Principal[3]
1.	Financing Agreement, dated as of September 12, 2024, by and between the Borrower and the City, related to the California State Water Resources Control Board, Construction Loan Agreement D2401002, Project No. 8502-110 Outstanding Principal assumes the loan was fully drawn at closing.	$30,960,727.31

B. Parity Obligations of the District

	Agreement/Series	Outstanding Principal[4]
1.	Financing Agreement, dated as of September 12, 2024, by and between the Borrower and the District, related to the California State Water Resources Control Board, Construction Loan Agreement D2401002, Project No. 8502-110 Outstanding Principal assumes the loan was fully drawn at closing.	$31,929,232.69

C. Subordinated Obligations of the City

None.

D. Subordinated Obligations of the District

None.

E. Indebtedness of the Borrower

	Agreement/Series	Outstanding Principal[5]
1.	Construction Loan Agreement D2401002, Project No. 8502-110, dated as of May 19, 2025, by and among the California State Water Resources Control Board, the Borrower, the City and the District	$62,889,960

[3] **Note to Draft**: Borrower to confirm outstanding principal amount as of the Effective Date.
[4] **Note to Draft**: Borrower to confirm outstanding principal amount as of the Effective Date.
[5] **Note to Draft**: Borrower to confirm outstanding principal amount as of the Effective Date.

	Outstanding Principal assumes the loan was fully drawn at closing.	

SCHEDULE IV

FLOWS OF FUNDS

Part A. City Flow of Funds

Money in the Water Fund, after paying as they become due and payable all Maintenance and Operation Costs, shall be applied by the City to pay when due the following amounts in the following order of priority:

(a) On or before each Authority Bond Payment Date, the City shall, from amounts in the Water Fund, transfer to the Authority for deposit into the WIFIA Debt Service Account (as defined in the WIFIA Loan Agreement) an amount that, together with amounts held in the WIFIA Debt Service Account for that purpose, is equal to the interest amount becoming due and payable on such Authority Bond Payment Date, as set forth in Appendix B (*Authority Bond Payment Schedule – City of Daly City*) of the WIFIA City FA.

(b) On or before each Authority Bond Payment Date, the City shall, from amounts in the Water Fund, transfer to the Authority for deposit into the WIFIA Debt Service Account an amount that, together with amounts held in the WIFIA Debt Service Account for that purpose, is equal to the principal amount becoming due and payable on such Authority Bond Payment Date, as set forth in Appendix B (*Authority Bond Payment Schedule – City of Daly City*) of the WIFIA City FA.

(c) On or before each Authority Bond Payment Date, the City shall, from moneys in the Water 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 to the transfers made pursuant to the preceding clauses (a) and (b), 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.

(d) On or before each Authority Bond Payment Date, the City shall, from amounts in the Water Fund in excess of the sums required to make the transfers specified in the foregoing clauses (a), (b) and (c), transfer or cause to be transferred to any applicable debt service reserve fund for any Parity Obligation other than the WIFIA Bond, the sum or sums required to be paid or deposited in such debt service reserve fund in accordance with the terms of such Parity Obligation..

(e) On or before each Authority Bond Payment Date, the City shall, from amounts in the Water Fund in excess of the sums required to make the transfers specified in foregoing clauses (a), (b), (c) and (d), 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 Subordinated Obligations, on the dates specified in the Issuing Instrument relating to such Subordinated 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 Subordinated Obligations.

(f) All money on deposit in the Water Fund in excess of the sums required to be set aside on or before each Authority Bond Payment Date by the provisions of the foregoing clauses (a), (b), (c), (d) and (e) shall be available for (i) the payment of any unsecured obligations (including, but not limited to, any amounts payable by the City under Section 10(a), Sections 14(p)(i) and 14(p)(ii), and Section 32 of the WIFIA Loan Agreement) (ii) the acquisition and construction of improvements to the Water Enterprise, (iii) any transfers permitted under this Agreement to the Rate Stabilization Fund and (iv) any other lawful purpose of the City (provided that the foregoing clause (iv) shall not supersede, modify or otherwise affect the City's obligations pursuant to Section 15(g) of the WIFIA Loan Agreement).

Part B. District Flow of Funds

Money in the Sewer Fund, after paying as they become due and payable all Maintenance and Operation Costs, shall be applied by the District to pay when due the following amounts in the following order of priority:

(a) On or before each Authority Bond Payment Date, the District shall, from amounts in the Sewer Fund, transfer to the Authority for deposit into the WIFIA Debt Service Account (as defined in the WIFIA Loan Agreement) an amount that, together with amounts held in the WIFIA Debt Service Account for that purpose, is equal to the interest amount becoming due and payable on such Authority Bond Payment Date, as set forth in Appendix B (*Authority Bond Payment Schedule – North San Mateo County Sanitation District*) of the WIFIA District FA.

(b) On or before each Authority Bond Payment Date, the District shall, from amounts in the Sewer Fund, transfer to the Authority for deposit into the WIFIA Debt Service Account an amount that, together with amounts held in the WIFIA Debt Service Account for that purpose, is equal to the principal amount becoming due and payable on such Authority Bond Payment Date, as set forth in Appendix B (*Authority Bond Payment Schedule – North San Mateo County Sanitation District*) of the WIFIA District FA.

(c) On or before each Authority Bond Payment Date, 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 to the transfers made pursuant to the preceding clauses (a) and (b), 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.

(d) On or before each Authority Bond Payment Date, the District shall, from amounts in the Sewer Fund in excess of the sums required to make the transfers specified in the foregoing clauses (a), (b) and (c), transfer or cause to be transferred to any applicable debt service reserve fund for any Parity Obligation other than the WIFIA Bond, the sum or sums required to be paid or deposited in such debt service reserve fund in accordance with the terms of such Parity Obligation..

(e) On or before each Authority Bond Payment Date, the District shall, from amounts in the Sewer Fund in excess of the sums required to make the transfers specified in foregoing clauses (a), (b), (c) and (d), 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 Subordinated Obligations, on the dates specified in the Issuing Instrument relating to such Subordinated 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 Subordinated Obligations.

(f) All money on deposit in the Sewer Fund in excess of the sums required to be set aside on or before each Authority Bond Payment Date by the provisions of the foregoing clauses (a), (b), (c), (d) and (e) shall be available for (i) the payment of any unsecured obligations (including, but not limited to, any amounts payable by the District under Section 10(a), Sections 14(p)(i) and 14(p)(ii), and Section 32 of the WIFIA Loan Agreement) (ii) the acquisition and construction of improvements to the Sewer Enterprise, (iii) any transfers permitted under this Agreement to the Rate Stabilization Fund and (iv) any other lawful purpose of the District (provided that the foregoing clause (iv) shall not supersede, modify or otherwise affect the District's obligations pursuant to Section 15(g) of the WIFIA Loan Agreement).

SCHEDULE V

CONSTRUCTION CONTRACTS

A. Existing Construction Contracts

Contract Name	Effective Date	Construction Contractor	Amount	Description
[Went out for bid in October; bids due in January 2026.][6]				

B. Additional Construction Contracts

None.

[6] **Note to draft:** To be updated based on the Effective Date.

SCHEDULE VI

WIFIA LOAN AMORTIZATION SCHEDULE[7]

[7] **Note to Draft**: To be provided by the WIFIA Lender on the Effective Date. The debt service schedule will include, for reference purposes, columns reflecting the portions of debt service payments allocated to each Member through the Authority Bond Payments, which will also be provided for under the WIFIA FAs.

EXHIBIT A

FORM OF WIFIA BOND

DALY CITY JOINT POWERS FINANCING AUTHORITY

VISTA GRANDE DRAINAGE BASIN IMPROVEMENT PROJECT

(WIFIA – N19124CA)

Maximum Principal Amount: $33,890,228

Effective Date: [●]

Interest Rate Per Annum: [●]

Due: July 1, 2064

DALY CITY JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the "**Borrower**"), for value received, hereby promises to pay to the order of the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, acting by and through the Administrator of the United States Environmental Protection Agency, or its assigns (the "**WIFIA Lender**"), the lesser of (x) the Maximum Principal Amount set forth above and (y) the aggregate unpaid principal amount of all disbursements (the "**Disbursements**") made by the WIFIA Lender (such lesser amount, together with any interest that is capitalized and added to principal in accordance with the provisions of the WIFIA Loan Agreement (as defined below), being hereinafter referred to as the "**Outstanding Principal Sum**"), together with accrued and unpaid interest (including, if applicable, interest at the Default Rate, as defined in the WIFIA Loan Agreement (as defined below)) on the Outstanding Principal Sum and all fees, costs and other amounts payable in connection therewith, as more fully described in the WIFIA Loan Agreement. The principal hereof shall be payable in the manner and at the place provided in the WIFIA Loan Agreement in accordance with SCHEDULE VI (*WIFIA Loan Amortization Schedule*) to the WIFIA Loan Agreement, as revised from time to time in accordance with the WIFIA Loan Agreement, until paid in full (which SCHEDULE VI, as modified from time to time in accordance with the terms of the WIFIA Loan Agreement, is incorporated in and is a part of this WIFIA Bond). The WIFIA Lender is hereby authorized to modify the WIFIA Loan Amortization Schedule included in SCHEDULE VI to the WIFIA Loan Agreement from time to time in accordance with the terms of the WIFIA Loan Agreement to reflect the amount of each disbursement made thereunder and the date and amount of principal or interest paid by the Borrower thereunder. Absent manifest error, the WIFIA Lender's determination of such matters as set forth on SCHEDULE VI to the WIFIA Loan Agreement shall be conclusive evidence thereof; provided that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document.

Payments hereon are to be made in accordance with Section 8(d) (*Payment of Principal and Interest – Manner of Payment*) and Section 31 (*Notices*) of the WIFIA Loan Agreement as the same become due. Principal of and interest on this WIFIA Bond shall be made in Dollars and in immediately available funds (without counterclaim, offset or deduction). Any payment in respect of the WIFIA Bond shall be treated as a payment in respect of the WIFIA Loan and any prepayment of principal in respect of the WIFIA Loan shall be treated as a redemption in respect of the WIFIA Bond. If the Final Maturity Date is adjusted in accordance with the WIFIA Loan Agreement, the due date of this WIFIA Bond shall be deemed to be amended to change the due date to such revised Final Maturity Date without any further action required on the part of the Borrower or the WIFIA Lender and such amendment shall in no way amend, modify or affect the other provisions of this WIFIA Bond without the prior written agreement of the WIFIA Lender. Any such amendment shall be reflected in a revised WIFIA Loan Amortization Schedule.

This WIFIA Bond has been executed pursuant to that certain WIFIA Loan Agreement, dated as of [●], 2026, among the WIFIA Lender, the Borrower, City of Daly City and North San Mateo County Sanitation District (the "**WIFIA Loan Agreement**") and is issued to evidence the obligation of the Borrower under the WIFIA Loan Agreement to repay the loans made by the WIFIA Lender and any other payments of any kind required to be paid by the Borrower under the WIFIA Loan Agreement or the other WIFIA Loan Documents referred to therein. Reference is made to the WIFIA Loan Agreement for details relating to the Borrower's obligations hereunder. All capitalized terms used in this WIFIA Bond and not defined herein shall have the meanings set forth in the WIFIA Loan Agreement.

This WIFIA Bond may be redeemed at the option of the Borrower in whole or in part (and, if in part, the principal installments and amounts thereof to be redeemed are to be determined in accordance with the WIFIA Loan Agreement; provided that such redemption payments shall be in principal amounts of at least $1,000,000 or any integral multiple of $1 in excess thereof), from time to time, but not more than annually, without penalty or premium, by paying to the WIFIA Lender all or part of the principal amount of the WIFIA Bond in accordance with the WIFIA Loan Agreement.

Payment of the obligations of the Borrower under this WIFIA Bond is secured pursuant to the WIFIA Loan Agreement.

Any delay on the part of the WIFIA Lender in exercising any right hereunder shall not operate as a waiver of any such right, and any waiver granted with respect to one default shall not operate as a waiver in the event of any subsequent default.

All acts, conditions and things required by the Constitution and laws of the State to happen, exist, and be performed precedent to and in the issuance of this WIFIA Bond have happened, exist and have been performed as so required. This WIFIA Bond is issued with the intent that the federal laws of the United States of America shall govern its construction to the extent such federal laws are applicable and the internal laws of the State shall govern its construction to the extent such federal laws are not applicable.

IN WITNESS WHEREOF, DALY CITY JOINT POWERS FINANCING AUTHORITY has caused this WIFIA Bond to be executed in its name and its seal to be affixed hereto and attested by its duly authorized officer, all as of the Effective Date of the WIFIA Bond set forth above.

DALY CITY JOINT POWERS FINANCING AUTHORITY,
by its authorized representative

(SEAL)

By ______________________________
Name:____________________________
Title:_____________________________

ATTEST:

____
Secretary

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned hereby unconditionally sells, assigns and transfers unto

(*Please insert Social Security or other identifying number of assignee(s)*):

the within bond and all rights thereunder.

Dated: ________________

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B-1

REQUISITION PROCEDURES AND FORM OF REQUISITION

This **Exhibit B-1** (*Requisition Procedures and Form of Requisition*) sets out the procedures which the Obligors (or the City on behalf of the Obligors) agree to follow in submitting Requisitions for the disbursement of WIFIA Loan proceeds in respect of the Eligible Project Costs incurred in connection with the Project. Section 1 (*General Requirements Definitions*) sets out the manner in which Requisitions are to be submitted and reviewed. Sections 2 (*Rejection*) through 4 (*Withholding*) set out the circumstances in which the WIFIA Lender may reject or correct Requisitions submitted by the Obligors (or the City on behalf of the Obligors) or withhold a disbursement. Each Obligor expressly agrees to the terms hereof, and further agrees that (a) the rights of the WIFIA Lender contained herein are in addition to (and not in lieu of) any other rights or remedies available to the WIFIA Lender under the WIFIA Loan Agreement, and (b) nothing contained herein shall be construed to limit the rights of the WIFIA Lender to take actions including administrative enforcement action and actions for breach of contract against any Obligor if it fails to carry out its obligations under the WIFIA Loan Agreement during the term thereof.

Section 1. General Requirements. All requests by the Obligors for the disbursement of WIFIA Loan proceeds shall be made by electronic mail or overnight delivery service by submission to the WIFIA Lender, in accordance with Section 31 (*Notices*) of the WIFIA Loan Agreement, of a Requisition, in form and substance satisfactory to the WIFIA Lender and completed and executed by each Authorized Representative. The form of Requisition is attached as **Appendix 1** (*Form of Requisition*) to this **Exhibit B-1** (*Requisition Procedures and Form of Requisition*).

Supporting documentation should be submitted with the Requisition. If the Borrower anticipates that it will draw down all or a portion of the proceeds of the WIFIA Loan to reimburse any Obligor for Eligible Project Costs paid by or on behalf of such Obligor prior to such disbursement of WIFIA Loan proceeds, whether paid from funds of such Obligor or proceeds of Obligations issued by the District, including for the purpose of paying or redeeming such Obligations, the Obligors (or the City on behalf of the Obligors) shall deliver appropriate documentation, including invoices and records, evidencing such incurred or paid Eligible Project Costs (the "**Eligible Project Costs Documentation**"). The Eligible Project Costs Documentation must provide sufficient detail to enable the WIFIA Lender to verify that such costs are Eligible Project Costs paid by the Obligors (or the City on behalf of the Obligors), in connection with the reimbursement of such Eligible Project Costs or for the purpose of paying or redeeming, in whole or part, the portion of any Interim Financing in respect of which the proceeds were used to pay such documented Eligible Project Costs. Each time the Obligors (or the City on behalf of the Obligors) deliver Eligible Project Costs Documentation to the WIFIA Lender and the Servicer (if any), the Obligors (or the City on behalf of the Obligors) shall also deliver to such entities a certificate, substantially in the form of **Exhibit B-2** (*Certification of Eligible Project Costs Documentation*) and duly executed by each Authorized Representative (or the City's Authorized Representative on behalf of the Obligors). The WIFIA Lender shall review the Eligible Project Costs Documentation and the related certificate for compliance with WIFIA disbursement requirements, and any amounts approved by the WIFIA Lender as Eligible Project Costs will be disbursed at such time as the Obligors (or the City on behalf of the Obligors) submit a Requisition in respect of such approved amounts.

The WIFIA Lender agrees to promptly send to the Obligors in accordance with Section 31 (*Notices*) of the WIFIA Loan Agreement, an acknowledgement of receipt of each Requisition in the form attached as **Appendix 2** (*[Approval/Disapproval] of the WIFIA Lender*) to this **Exhibit B-1** (*Requisition Procedures and Form of Requisition*) setting forth the date of receipt by the WIFIA Lender of such Requisition and setting forth the Business Day on which disbursement will be made absent denial by the WIFIA Lender. All disbursement requests must be received by the WIFIA Lender at or before 5:00 P.M. (EST) on the first (1^{st}) Business Day of a calendar month in order to obtain disbursement by the fifteenth (15^{th}) day of such calendar month or, if either such day is not a Business Day, the next succeeding Business Day. If a Requisition is approved by the WIFIA Lender, the WIFIA Lender will notify the Borrower of such approval and of the amount so approved.

Section 2. Rejection. A Requisition may be rejected in whole or in part by the WIFIA Lender if it is: (a) submitted without signature of any Authorized Representative; (b) submitted under signature of a Person other than such Authorized Representatives; (c) submitted after prior disbursement of all proceeds of the WIFIA Loan; (d) submitted without adequate Eligible Project Costs Documentation, including (i) copies of invoices and records evidencing the Eligible Project Costs, (ii) a summary of the progress of construction of the Project and a general description of the work done for which the funds being requisitioned are being applied (or a certification that no change has occurred since the date of the latest quarterly report provided pursuant to Section 16(d) (*Reporting Requirements – Construction Reporting*)), and (iii) a copy of the most recent update to either Member's risk register, if requested by the WIFIA Lender.

The WIFIA Lender will notify the Obligors of any Requisition so rejected, and the reasons therefor. Any Requisition rejected for the reasons specified above (other than clause (c) above) must be resubmitted in proper form in order to be considered for approval. If a Requisition exceeds the balance of the WIFIA Loan proceeds remaining to be disbursed, the request will be treated as if submitted in the amount of the balance so remaining, and the WIFIA Lender will so notify the Obligors.

Section 3. Correction. A Requisition containing an apparent mathematical error will be corrected by the WIFIA Lender, after telephonic or email notification to the Obligors, and will thereafter be treated as if submitted in the corrected amount.

Section 4. Withholding. The WIFIA Lender shall be entitled to withhold approval (in whole or in part) of any pending or subsequent requests for the disbursement of WIFIA Loan proceeds if: (a) a Default or an Event of Default shall have occurred and be continuing; (b) any Obligor (i) knowingly takes any action, or omits to take any action, amounting to fraud or violation of any applicable law, in connection with the transactions contemplated hereby; (ii) prevents or materially impairs the ability of the WIFIA Lender to monitor compliance by any Obligor with applicable law pertaining to the Project or with the terms and conditions of the WIFIA Loan Agreement; (iii) fails to observe or comply with any applicable law, or any term or condition of the WIFIA Loan Agreement; (iv) fails to satisfy the conditions set forth in Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) and Section 11(b) (*Conditions*

Precedent – Conditions Precedent to Disbursements) of the WIFIA Loan Agreement; or (v) fails to deliver Eligible Project Costs Documentation satisfactory to the WIFIA Lender at the times and in the manner specified by the WIFIA Loan Agreement; provided that in such case of clause (v), the WIFIA Lender may, in its sole discretion, partially approve a disbursement request in respect of any amounts for which adequate Eligible Project Costs Documentation has been provided and may, in its sole discretion, disburse in respect of such properly documented amounts.

APPENDIX 1 TO EXHIBIT B-1

FORM OF REQUISITION

United States Environmental Protection Agency
1200 Pennsylvania Avenue NW
WJC-W 6201A
Washington, D.C. 20460
Attention: WIFIA Director

Re: VISTA GRANDE DRAINAGE BASIN IMPROVEMENT PROJECT (WIFIA Ref N19124CA)

Ladies and Gentlemen:

Pursuant to Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) of the WIFIA Loan Agreement, dated as of [●], 2026 (the "**WIFIA Loan Agreement**"), by and among DALY CITY JOINT POWERS FINANCING AUTHORITY (the "**Borrower**"), CITY OF DALY CITY (the "**City**"), NORTH SAN MATEO SANITATION DISTRICT (the "**District**") and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the "**WIFIA Lender**"), the Borrower hereby requests disbursement in the amount set forth below in respect of Eligible Project Costs paid or incurred by the Borrower or the Members (or the City on behalf of the Members). Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement.

In connection with this Requisition each of the undersigned, as the Borrower's Authorized Representative, the City's Authorized Representative and the District's Authorized Representative, respectively, hereby represents and certifies the following:

1.	**Project name**	Vista Grande Drainage Basin Improvement Project
2.	**Borrower name**	Daly City Joint Powers Financing Authority
3.	**WIFIA reference number**	N18107CA
4.	**Requisition number**	[___]
5.	**Requested disbursement amount**	$[___]
6.	**Requested disbursement date (the "Disbursement Date")**	[___]
7.	**Total amounts previously disbursed under the WIFIA Loan Agreement**	$[___]
8.	**Wire instructions**	[___]

9. The amounts hereby requisitioned are being requested with respect to [Eligible Project Costs previously submitted to and approved by the WIFIA Lender in accordance with the WIFIA Loan Agreement] [Eligible Project Costs which have not and will not be otherwise submitted to the WIFIA Lender for approval].

10. The amounts hereby requisitioned have been paid or incurred and approved for payment by or on behalf of the Obligors for Eligible Project Costs and have not been paid for or reimbursed by any previous disbursement from (a) WIFIA Loan proceeds or (b) any other source of funding for the Project as identified in the Project Budget.

11. No portion of the amounts requisitioned will be applied to pay for Eligible Project Costs that have been previously paid, or are expected to be paid, with proceeds of any Interim Financing[.][, except as set forth below:

Source of Interim Financing	**Amount of Interim Financing**
[___]	$[___]
Total Amount of Interim Financing	$[___]

The portion of the amount requisitioned equal to the total amount of the Interim Financing set forth above will be promptly applied by the applicable Obligor to either (a) discharge a like principal amount of such Interim Financing or (b) reimburse the applicable fund or account from which the proceeds of such Interim Financing were spent.]

12. The aggregate amount of all disbursements of the WIFIA Loan (including the amount requested under this Requisition) does not exceed (a) the maximum principal amount of the WIFIA Loan or (b) the amount of Eligible Project Costs paid or incurred by the Obligors (or the City on behalf of the Obligors).

13. The Obligors have secured financing and appropriated cash, and have developed a feasible plan of finance to secure future financing and appropriate future cash amounts, for the Project, which together with funds that remain available and not yet drawn under the WIFIA Loan, will be sufficient to pay the reasonably anticipated remaining Total Project Costs.

14. The total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs.

15. The Obligors (or the City on behalf of the Obligors) have all Governmental Approvals necessary as of the date hereof and as of the Disbursement Date (immediately after giving effect to the above-requested disbursement of WIFIA Loan proceeds), for the development, construction, operation and maintenance of the Project and each such Governmental Approval has been issued and is in full force and effect (and is not subject to any notice of violation, breach or revocation).

16. Each of the insurance policies maintained by the Obligors pursuant to Section 14(e) (*Affirmative Covenants – Operation and Maintenance of the Systems; Insurance*) of the WIFIA Loan Agreement is in full force and effect, and no notice of termination thereof has been issued by the applicable insurance provider.

17. As of the date hereof and on the Disbursement Date (immediately after giving effect to the above-requested disbursement of WIFIA Loan proceeds), (a) no Default or Event of

Default, and no event of default under any other Related Document and (b) no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any Related Document, in each case, has occurred and is continuing. No Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred or arisen since the Effective Date.

18. Each Obligor, and each of each Obligor's contractors and subcontractors at all tiers with respect to the Project, has complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§ 3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. § 3914 (relating to American iron and steel products). Supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the Project, are being maintained and are available for review upon request by the WIFIA Lender.

19. The representations and warranties of each Obligor set forth in the WIFIA Loan Agreement and in each other Related Document are true and correct as of the date hereof and as of the Disbursement Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties are true and correct as of such earlier date).

20. Each Related Document that has been delivered by any Obligor to the WIFIA Lender pursuant to Section 11(b)(iii) (*Conditions Precedent – Conditions Precedent to Disbursements*) is complete, fully executed and in full force and effect.

21. The current estimated percentage of physical completion of the Project is [___]%. Each Member is in compliance with Section 16(d) (*Reporting Requirements – Construction Reporting*) and no change has occurred since the date of the most recently delivered quarterly construction progress report that could reasonably be expected to cause a Material Adverse Effect.

22. The Obligors have delivered all required deliverables under and in compliance with the requirements of Section 16 (*Reporting Requirements*), except as has been otherwise agreed by the WIFIA Lender.

23. All documentation evidencing the Eligible Project Costs to be reimbursed to the Borrower or to be used to pay Eligible Project Costs previously paid from proceeds of any Interim Financing by the above-requested disbursement has been delivered by the Obligors (or the City on behalf of the Obligors) to the WIFIA Lender at the times and in the manner specified by the WIFIA Loan Agreement, including the details set forth below:

								WIFIA USE ONLY	
Vendor or Contractor Name25F[8]	**Invoice Number26F[9]**	**Invoice Date**	**Payment Date**	**Invoice Amount**	**WIFIA Requested Amount27 F[10]**	**Activity Type28 F[11]**	**Description of Activity29F[12]**	**Approved Amount**	**Notes**

The undersigned acknowledge that if any Obligor makes a false, fictitious, or fraudulent claim, statement, submission, or certification to the Government in connection with the Project, the Government reserves the right to impose on such Obligor the penalties of 18 U.S.C. § 1001, to the extent the Government deems appropriate.

8 If seeking reimbursement for internal costs, enter "Internally financed activities."

9 Vendor's number indicated on the invoice sent to the applicable Obligor.

10 If the amount requested for reimbursement by the WIFIA Lender is less than the total amount of the invoice, include an explanation for the difference.

11 Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in the "Description of Activity" column.

12 Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the disbursement request.

Date: ________________________	DALY CITY JOINT POWERS FINANCING AUTHORITY, By its authorized representative By: ________________________________ Name: Title:____________________________
Date: ________________________	CITY OF DALY CITY By its authorized representative By: ________________________________ Name: Title:____________________________
Date: ________________________	NORTH SAN MATEO SANITATION DISTRICT, By its authorized representative By: ________________________________ Name: Title:____________________________

APPENDIX 2 TO EXHIBIT B-1

[APPROVAL/DISAPPROVAL] OF THE WIFIA LENDER
(To be delivered to the Obligors)

Requisition Number [_______________] is [approved in the amount of $[________]] [approved in part in the amount of $[_________]] [not approved, for the reasons set forth in Annex A attached hereto,][13] by the WIFIA Lender (as defined herein) pursuant to Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) of the WIFIA Loan Agreement, dated as of [●], 2026, by and among Daly City Joint Powers Financing Authority (the "**Borrower**"), City of Daly City (the "**City**"), North San Mateo Sanitation District (the "**District**" and together with the Borrower and the City, the "**Obligors**") and the United States Environmental Protection Agency, acting by and through the Administrator (the "**WIFIA Lender**").

Any determination, action or failure to act by the WIFIA Lender with respect to the Requisition set forth above, including any withholding of a disbursement, shall be at the WIFIA Lender's sole discretion, and in no event shall the WIFIA Lender be responsible for or liable to any Obligor for any and/or all consequence(s) which are the result thereof.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator

By: ___________________________
WIFIA Lender's Authorized Representative
Name:
Title:
Dated:

[13] If there is any partial or full denial of approval, the WIFIA Lender should provide a separate attachment setting forth the reasons for such partial or full denial of approval.

EXHIBIT B-2

CERTIFICATION OF ELIGIBLE PROJECT COSTS DOCUMENTATION

[Date]

United States Environmental Protection Agency[14]
1200 Pennsylvania Avenue NW
WJC-W 6201A
Washington, D.C. 20460
Attention: WIFIA Director

Re: VISTA GRANDE DRAINAGE BASIN IMPROVEMENT PROJECT (WIFIA Ref N19124CA)

Ladies and Gentlemen:

Pursuant to Section 4 (*Disbursement Conditions; Quarterly Approval of Eligible Project Costs*) of the WIFIA Loan Agreement, dated as of [●], 2026 (the "**WIFIA Loan Agreement**"), by and among DALY CITY JOINT POWERS FINANCING AUTHORITY (the "**Borrower**"), CITY OF DALY CITY (the "**City**"), NORTH SAN MATEO SANITATION DISTRICT (the "**District**") and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the "**WIFIA Lender**"), we hereby present this certificate in connection with the Obligors' delivery of Eligible Project Costs Documentation to the WIFIA Lender. Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement.

Each of the undersigned does hereby represent and certify the following:

1. This certificate is being delivered to the WIFIA Lender in connection with the Eligible Project Costs Documentation and is applicable to the period between [__________] and [__________].

2. [The amount of Eligible Project Costs for which reimbursement will be sought from the WIFIA Loan pursuant to this certificate is $[__________].]

3. The sources of funding for such Eligible Project Costs are [listed below / set forth in **Exhibit** [__] to this certificate].

WIFIA USE ONLY

---

[14] If there is a Servicer for the WIFIA Loan, provide a copy to the Servicer as well and include its notice details here.

							WIFIA USE ONLY	
Vendor or Contractor Name32F[15]	**Invoice Number**33F[16]	**Invoice Date**	**Payment Date**	**Invoice Amount**	**Activity Type**34F[17]	**Description of Activity**35F[18]	**Approved Amount**	**Notes**

4. [The funds for which reimbursement will be sought were expended solely in connection with the payment or reimbursement of Eligible Project Costs.]

Date: ________________________

DALY CITY JOINT POWERS FINANCING AUTHORITY,
By its authorized representative
By: ________________________________
Name:
Title:____________________________

Date: ________________________

CITY OF DALY CITY,

By its authorized representative
By: ________________________________
Name:
Title:____________________________

Date: ________________________

NORTH SAN MATEO SANITATION DISTRICT,

By its authorized representative
By: ________________________________
Name:
Title:____________________________

15 If seeking reimbursement for internal costs, enter "Internally financed activities."

16 Vendor's number indicated on the invoice sent to the Borrower.

17 Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in the "Description of Activity" column.

18 Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the documentation.

EXHIBIT C-1

OPINIONS REQUIRED FROM COUNSEL TO OBLIGORS

An opinion of counsel of the Obligors, dated as of the Effective Date, to the effect that:

1. the Borrower has been duly created pursuant to Chapter 5, Division 7, Title 1 of the Code of the State (the "**JPA Law**") and validly exists as a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State with good right and power to issue the WIFIA Bond;

2. the City has been duly created and validly exists as a general city and municipal corporation duly organized and existing under and by virtue of the laws of the State;

3. the District has been duly created and validly exists as a county sanitation district and subsidiary district of the City duly organized and existing under and by virtue of the laws of the State;

4. each Obligor is duly organized under the laws of the State and has full legal right, power and authority to own its property and conduct its affairs;

5. each Obligor is in good standing under the laws of the State;

6. each Obligor has all requisite power and authority to conduct its business and to execute and deliver, and to perform its obligations under the Related Documents to which it is a party;

7. the execution and delivery by each Obligor of, and the performance of such Obligor's respective obligations under, the Related Documents to which it is a party, have been duly authorized by all necessary organizational or regulatory action;

8. each Obligor has duly executed and delivered each Related Document to which it is a party and each such Related Document is in full force and effect and constitutes the legal, valid and binding obligation of such Obligor, enforceable against such Obligor in accordance with their respective terms;

9. no authorization, consent, or other approval of, or registration, declaration or other filing with any governmental authority of the United States of America or of the State is required other than those already obtained or made on the part of each Obligor for the execution and delivery by such Obligor of, and the performance of such Obligor under, any Related Document to which it is a party other than authorizations, consents, approvals, registrations, declarations and filings set forth in the opinion that have already been timely obtained or made by such Obligor;

10. all actions by the City or District that are required for the application of Net Revenues as required under the applicable WIFIA FA have been duly and lawfully made and all actions by the Borrower that are required for the application of Authority Revenues as required under this Agreement have been duly and lawfully made;

11. the execution and delivery by each Obligor of, and performance with the provisions of, the Related Documents to which such Obligor is a party do not (i) violate the Organizational Documents of such Obligor (including the JPA Law with respect to the Borrower), (ii) violate the law of the United States of America or of the State or (iii) conflict with or constitute a breach of or default under any material agreement or other instrument known to such counsel to which such Obligor is a party, or to the best of such counsel's knowledge, after reasonable review, any court order, consent decree, statute, rule, regulation or any other law to which such Obligor is subject;

12. no Obligor is entitled to claim governmental immunity in any breach of contract action under the Related Documents, to the extent (if any) such immunity has been waived under the Related Documents and applicable law;

13. the Borrower is not an investment company required to register under the Investment Company Act of 1940, as amended; and

14. to the knowledge of such counsel after due inquiry, there are no actions, suits, proceedings or investigations against any Obligor by or before any court, arbitrator or any other Governmental Authority in connection with the Related Documents or any System (including the Project) that are pending or, to the knowledge of such counsel after due inquiry that would materially impair the transactions contemplated by the Related Documents.

EXHIBIT C-2

OPINIONS REQUIRED FROM BOND COUNSEL

An opinion of bond counsel, dated as of the Effective Date, to the effect that:

1. the WIFIA Bond is being issued pursuant to the authority granted by the laws of the State, including the JPA Law and the Joint Powers Agreement.

2. each Related Document constitutes a legal, valid and binding agreement of each Obligor that is a party thereto, enforceable against such Obligor in accordance with its respective terms and conditions.

3. the Authority Bond Payments (a) are secured by the Net Revenues, (b) are Parity Obligations, (c) are enforceable under the laws of the State without any further action by any Member or any other Person, and (d) rank *pari passu* in right of payment and right of security with all other Parity Obligations and senior in right of payment and right of security to all Subordinated Obligations;

4. the WIFIA Bond and the WIFIA Loan (a) are secured by (i) all of the Authority Revenues and (ii) all of the right, title and interest of the Borrower (but none of the obligations) in the WIFIA FAs and (iii) the WIFIA Debt Service Account, and (b) are enforceable in accordance with WIFIA Bond and the Loan Agreement, respectively, under the laws of the State without any further action by the Borrower or any other Person;

5. the WIFIA FAs create the valid and binding assignment and pledge of the Net Revenues to secure the payment of the Authority Bond Payments, irrespective of whether any party has notice of the pledge and without the need for any physical delivery, recordation, filing or further act; and

6. the Loan Agreement creates the valid and binding assignment and pledge of the Authority Revenues, the right, title and interest of the Borrower in the WIFIA FAs to secure the payment of the principal of, interest on, and other amounts payable in respect of, the WIFIA Bond, irrespective of whether any party has notice of the pledge and without the need for any physical delivery, recordation, filing or further act.

EXHIBIT D

FORM OF CLOSING CERTIFICATE

Reference is made to that certain WIFIA Loan Agreement, dated as of [●], 2026 (the "WIFIA Loan Agreement"), by and among Daly City Joint Powers Financing Authority (the "Borrower"), City of Daly City (the "City"), North San Mateo Sanitation District (the "District") and the United States Environmental Protection Agency, acting by and through the Administrator (the "WIFIA Lender"). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement.

In connection with Section 11(a) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, the undersigned, [●], as Borrower's Authorized Representative, [●], as City's Authorized Representative and [●], as District's Authorized Representative, each does hereby certify on behalf of the Borrower, the City and the District, respectively, and not in his/her personal capacity, as of the date hereof:

(a) pursuant to Section 11(a)(vi) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, attached hereto as Annex A-1, Annex A-2 and Annex A-3 are incumbency certificates that list all persons, together with their positions and specimen signatures, who are duly authorized by each Obligor to execute the Related Documents to which such Obligor is or will be a party, and who have been appointed as an Borrower's Authorized Representative, City's Authorized Representative or District's Authorized Representative, as applicable, in accordance with Section 21 (*Obligors' Authorized Representatives*) of the WIFIA Loan Agreement;

(b) pursuant to Section 11(a)(ii) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, attached hereto as Annex B are copies of each Related Document (other than the WIFIA Loan Documents) and each Construction Contract to which it is a party, together with any amendments, waivers or modifications thereto, that has been entered into on or prior to the Effective Date, and each such document is complete, fully executed, and in full force and effect, and all conditions contained in such documents that are necessary to the closing of the WIFIA transactions contemplated hereby have been fulfilled;

(c) pursuant to Section 11(a)(iii) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, attached hereto as Annex C is a copy of each Obligor's Organizational Documents, as in effect on the Effective Date, which Organizational Documents are in full force and effect;

(d) pursuant to Section 11(a)(iv) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, other than the Related Documents, there are no additional instruments or documents necessary for any Obligor to execute and deliver, or to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents to which it is a party;

(e) pursuant to Section 11(a)(vi)(A) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, the aggregate of all funds secured and appropriated for the development and construction of the Project as set forth in the Base Case Financial Model and in the Project Budget are reasonably expected to be sufficient to carry out the Project, pay all Total Project Costs anticipated for the Project and achieve Substantial Completion by the Projected Substantial Completion Date;

(f) pursuant to Section 11(a)(vi)(B) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, the Obligors have obtained all Governmental Approvals necessary as of the Effective Date (i) in connection with the Project and (ii) to execute and deliver, and perform their obligations under the WIFIA Loan Documents, and each such Governmental Approval is final, non-appealable and in full force and effect (and is not subject to any notice of violation, breach or revocation);

(g) pursuant to Section 11(a)(vi)(C) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, (i) the maximum principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs; (ii) the aggregate amount of Eligible Project Costs previously incurred prior to the Effective Date does not exceed fifty-one percent (51%) of Eligible Project Costs; and (iii) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs;

(h) pursuant to Section 11(a)(vi)(D) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, each Obligor is in compliance with NEPA and any applicable federal, state or local environmental review and approval requirements with respect to the Project;

(i) pursuant to Section 11(a)(vi)(E) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, (i) (A) the Borrower's Federal Employer Identification Number is 39-5152349, (B) the Borrower's UEI Number is JZDNPG2LVF83, and (C) the Borrower has registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov), which confirmation is attached hereto as Annex D-1, (ii) (A) the City's UEI Number is KS8RFKRF6ZE6 and (B) the City has registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov), which confirmation is attached hereto as Annex D-2, and (iii) (A) the District's UEI Number is ZBHWU14ZDVC9 and (B) the District has registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov), which confirmation is attached hereto as Annex D-3;

(j) pursuant to Section 11(a)(vi)(F) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, the WIFIA CUSIP number for the WIFIA Loan is [●];

(k) pursuant to Section 11(a)(vi)(G) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, the representations and warranties of each Obligor set forth in the WIFIA Loan Agreement and in each other Related Document to which such Obligor is a party are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date;

(l) pursuant to Section 11(a)(vi)(H) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, no Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred or arisen since the date of the Application;

(m) pursuant to Section 11(a)(vii) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, the rating under the rating letter delivered to the WIFIA Lender pursuant to such Section 11(a)(vii) has not been reduced, withdrawn or suspended as of the Effective Date; [and]

(n) pursuant to Section 11(a)(viii) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, attached hereto as Annex E is the Base Case Financial Model, which (i) demonstrates that projected Net Revenues and Authority Revenues are each sufficient to meet the WIFIA Loan Amortization Schedule, (ii) demonstrates compliance with the Rate Covenant for each Fiscal Year through the Final Maturity Date, (iii) reflects principal amortization and interest payment schedules acceptable to the WIFIA Lender, (iv) demonstrates that the Members (or the City on behalf of the Members) have developed, and identified adequate revenues to implement, a plan for operating, maintaining and repairing the Project over its useful life and (v) otherwise meets the requirements of such Section 11(a)(viii) (*Conditions Precedent – Conditions Precedent to Effectiveness*); [and]

(o) [*any other attachments or provisions as may apply to the WIFIA Loan Agreement*].

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first mentioned above.

DALY CITY JOINT POWERS FINANCING AUTHORITY,
by its authorized representative

By: ________________________________
Name:
Title:

CITY OF DALY CITY,
by its authorized representative

By: ________________________________
Name:
Title:

NORTH SAN MATEO SANITATION DISTRICT, by its authorized representative

By: ________________________________
Name:
Title:

ANNEX A-1 TO EXHIBIT D

BORROWER INCUMBENCY CERTIFICATE

The undersigned, in his/her capacity as the Secretary of Daly City Joint Powers Financing Authority, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Borrower") hereby certifies that he/she is authorized to execute this certificate and further certifies that the following persons have been elected or appointed, are qualified, and are now acting as officers or authorized persons of the Borrower in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. He/She further certifies that any of the officers listed below is authorized to sign agreements and give written instructions with regard to any matters pertaining to the WIFIA Loan Documents on behalf of the Borrower as the Borrower's Authorized Representative (each as defined in that certain WIFIA Loan Agreement, dated as of the date hereof, among the Borrower, City of Daly City, North San Mateo Sanitation District and the United States Environmental Protection Agency, acting by and through the Administrator):

Name	Title	Signature
[________________]	[Chairperson]	__________________________
[________________]	[__________________]	__________________________
[________________]	[Executive Director]	__________________________
[________________]	[____________________]	__________________________
[________________]	[____________________]	__________________________

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this [●] day of [●].

DALY CITY JOINT POWERS FINANCING AUTHORITY, by its authorized representative

By: _________________________________
Name:
Title:

ANNEX A-2 TO EXHIBIT D

CITY INCUMBENCY CERTIFICATE

The undersigned, in his/her capacity as the City Clerk of City of Daly City, a general city and municipal corporation duly organized and existing under and by virtue of the laws of the State of California (the "City") hereby certifies that he/she is authorized to execute this certificate and further certifies that the following persons have been elected or appointed, are qualified, and are now acting as officers or authorized persons of the City in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. He/She further certifies that any of the officers listed below is authorized to sign agreements and give written instructions with regard to any matters pertaining to the WIFIA Loan Documents on behalf of the City as the City's Authorized Representative (each as defined in that certain WIFIA Loan Agreement, dated as of the date hereof, among the City, Daly City Joint Powers Financing Authority, North San Mateo Sanitation District and the United States Environmental Protection Agency, acting by and through the Administrator):

Name	Title	Signature
[________________]	[City Manager]	__________________________
[________________]	[Finance Director]	__________________________
[________________]	[______________]	__________________________
[________________]	[_____________________]	__________________________
[________________]	[_____________________]	__________________________

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this [●] day of [●].

CITY OF DALY CITY, by its authorized representative

By: ________________________________
Name:
Title:

ANNEX A-3 TO EXHIBIT D

DISTRICT INCUMBENCY CERTIFICATE

The undersigned, in his/her capacity as the Secretary of North San Mateo Sanitation District, a political subdivision duly organized and existing under and by virtue of the laws of the State of California (the "District") hereby certifies that he/she is authorized to execute this certificate and further certifies that the following persons have been elected or appointed, are qualified, and are now acting as officers or authorized persons of the District in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. He/She further certifies that any of the officers listed below is authorized to sign agreements and give written instructions with regard to any matters pertaining to the WIFIA Loan Documents on behalf of the District as the District's Authorized Representative (each as defined in that certain WIFIA Loan Agreement, dated as of the date hereof, among the District, Daly City Joint Powers Financing Authority, City of Daly City and the United States Environmental Protection Agency, acting by and through the Administrator):

Name	Title	Signature
[________________]	[Chairman]	___________________________
[________________]	[General Manager]	___________________________
[________________]	[_____________________]	___________________________
[________________]	[_____________________]	___________________________
[________________]	[_____________________]	___________________________

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this [●] day of [●].

NORTH SAN MATEO SANITATION DISTRICT, by its authorized representative

By: ___________________________________
Name:
Title:

EXHIBIT E

FORM OF CERTIFICATE OF SUBSTANTIAL COMPLETION

[*Letterhead of Borrower*]

[*Date*]

Environmental Protection Agency
WIFIA Director
WJC-W 6201A
1200 Pennsylvania Avenue NW
Washington, DC 20460

Project: VISTA GRANDE DRAINAGE BASIN IMPROVEMENT PROJECT (WIFIA – N19124CA)

Dear Director:

This certificate is provided pursuant to Section 16(h)(i)(A) (*Reporting Requirements – Notices – Substantial Completion*) of that certain WIFIA Loan Agreement (the "**WIFIA Loan Agreement**"), dated as of [●], 2026 by and among Daly City Joint Powers Financing Authority (the "**Borrower**"), City of Daly City (the "**City**"), North San Mateo Sanitation District (the "**District**") and the United States Environmental Protection Agency, acting by and through its Administrator (the "**WIFIA Lender**").

Unless otherwise defined herein, all capitalized terms in this certificate have the meanings assigned to those terms in the WIFIA Loan Agreement.

I, the undersigned, in my capacity as the City's Authorized Representative, and not in my individual capacity, do hereby certify to the WIFIA Lender that:

(a) on [*insert date Substantial Completion requirements were satisfied*], the Project satisfied each of the requirements for Substantial Completion set forth in the [*insert reference to the design-build or similar agreements for the Project*];

(b) Substantial Completion has been declared under each of the above-referenced agreements and copies of the notices of Substantial Completion under such agreements are attached to this certification;

(c) Substantial Completion, as defined in the WIFIA Loan Agreement, has been achieved; and

(d) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Costs.

CITY OF DALY CITY,
by its authorized representative

By: ________________________________
Name:
Title:

EXHIBIT F

FORM OF CONSTRUCTION MONITORING REPORT

United States Environmental Protection Agency
WIFIA Director
WJC-W 6201A
1200 Pennsylvania Avenue NW
Washington, DC 20460
WIFIA_Portfolio@epa.gov

Re: Vista Grande Drainage Basin Improvement Project (WIFIA – N19124CA)

This Construction Monitoring Report for the period of [*insert relevant quarterly period*] is provided pursuant to Section 16(d) (*Reporting Requirements – Construction Reporting*) of the WIFIA Loan Agreement, dated as of [●], 2026 (the "**WIFIA Loan Agreement**"), by and among Daly City Joint Powers Financing Authority (the "**Borrower**"), City of Daly City (the "**City**"), North San Mateo Sanitation District (the "**District**") and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the "**WIFIA Lender**"). Unless otherwise defined herein, all capitalized terms in this Construction Monitoring Report have the meanings assigned to those terms in the WIFIA Loan Agreement.

1. **Project Status**. Provide a narrative summary of the Project's construction progress during the Quarterly Period, including with respect to the Project components or sub-projects where appropriate. Complete the table in Appendix A to update the Project scope, schedule, and costs with the latest information.

2. **Current Projected Substantial Completion Date**: [ ]

   If the current Projected Substantial Completion Date differs than the date set forth in the Construction Monitoring Report most recently delivered to the WIFIA Lender (or, if no such report has yet been provided, the date of the Projected Substantial Completion Date set forth in the WIFIA Loan Agreement as of the Effective Date), provide a description in reasonable detail for such projected delay or difference:

3. **Material Problems (if any)**

   Note any problems encountered or anticipated during the construction of the Project during the Quarterly Period that (1) impedes Project completion within the scope, costs, and schedule outlined in the WIFIA Loan Agreement or (2) relates to unforeseen complications in connection with the construction of the Project. This may include commissioning/start-up issues, constructability issues for the Project as planned, adverse impacts to Project surroundings, changes in or issues with meeting environmental or federal compliance requirements, and unanticipated or abnormal permit approval timelines. Include an assessment of the impact and any current plans to address the problems.

4. Other Matters Related to the Project (if applicable)

Date: ________________________

CITY OF DALY CITY,
by its authorized representative
By: ________________________________
Name: ______________________________
Title:_______________________________

Date: ________________________

NORTH SAN MATEO SANITATION DISTRICT,
by its authorized representative
By: ________________________________
Name: ______________________________
Title:_______________________________

APPENDIX A [1]

Project Scope		Project Schedule						Project Costs		
Project Component	Completed (Y/N)	Contract/ Vendor	Bid Advertisement Date	Contract Award Date	NTP Effective Date	Original Substantial Completion Date	Estimated Substantial Completion Date	Original Contract Amount	Estimated Costs to Complete	Costs Earned or Paid to Date
Total										

Table Definitions:
Project Component – project name or ID as tracked by the borrower
Complete (Y/N) – indication that project is complete, and no additional updates will be provided
Description (program of projects only) – brief overview of scope of work for the project component.
Location (program of projects only) – physical project boundaries
Covered by existing NEPA? (program of projects only) – refer to the environmental review documents that is the basis for the NEPA finding. Is the project within the geographic scope and scope of activities described in the documents?

Contract/Vendor – the contract identifier and contractor that is/will be completing the project construction.
Bid Advertisement Date – the date the bid was advertised
Contract Award date – the date the contract was awarded
NTP Effective date – the effective date to proceed with the construction in the Notice to Proceed
Original Substantial Completion Date – the substantial completion date for the given project as noted in the original contract award
Estimated Substantial Completion Date – the latest date estimate for substantial completion for the given project component

Original Contract Amount – the original contract award amount
Estimated Costs to Complete – the latest cost estimates to complete the given project component
Costs Earned or Paid to Date – the latest incurred contract costs for the given project component
Total – Total the cost amounts across all project components and contracts

[1] Appendix A summarizes all project components that will be bid in the next quarter, are currently under construction, or have completed construction. It should be a cumulative list of projects that is updated each quarter. A Microsoft Excel spreadsheet with similar table format is acceptable.

Date: ______________________

CITY OF DALY CITY,
by its authorized representative

By: ______________________________
Name: ______________________________
Title:______________________________

Date: ______________________

NORTH SAN MATEO SANITATION DISTRICT,
by its authorized representative

By: ______________________________
Name: ______________________________
Title:______________________________

EXHIBIT G

FORM OF PUBLIC BENEFITS REPORT

Date: [________]

Pursuant to Section 11(a)(xii) (*Conditions Precedent – Conditions Precedent to Effectiveness*) and Section 16(e) (*Reporting Requirements – Public Benefits Report*) of the WIFIA Loan Agreement (as defined below), City of Daly City (the "**City**") and North San Mateo County Sanitation District (the "**District**") are providing this Public Benefits Report in connection with the Vista Grande Drainage Basin Improvement Project (WIFIA – N19124CA). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement dated [on or about the date hereof] (the "**WIFIA Loan Agreement**"), between Daly City Joint Powers Financing Authority (the "**Borrower**"), the City, the District and the United States Environmental Protection Agency, acting by and through the Administrator.

Reporting Period: [Prior to the Effective Date][within ninety (90) days following the Substantial Completion Date][within ninety (90) following the fifth (5^{th}) anniversary of the Substantial Completion Date]

(i) The number of total jobs and direct jobs projected to be created by the Project during the period between the Effective Date and the Substantial Completion Date:

The WIFIA Lender projects that the Project will create [__] total jobs, of which the Borrower projects [__] will be direct jobs.

(ii) Indicate (yes or no) whether the Project will assist the Members in complying with applicable regulatory requirements, and if yes, describe how the project assists with regulatory compliance:

Yes □
If yes, additional description: [___]

No □

(iii) The Project will assist the Members with the following environmental measure:

[___].

DALY CITY JOINT POWERS FINANCING AUTHORITY,
by its authorized representative

By: ______________________________
Name:
Title:

CITY OF DALY CITY,
by its authorized representative

By: ______________________________
Name:
Title:

NORTH SAN MATEO COUNTY SANITATION DISTRICT, by its authorized representative

By: ______________________________
Name:
Title:

FINANCING AGREEMENT (WIFIA LOAN AGREEMENT)

This FINANCING AGREEMENT (WIFIA LOAN 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").

BACKGROUND:

A. The District and the City of Daly City (the "City," and together with the District, the "Members" and each a "Member") desire to finance the Project (as defined herein).

B. The City and the District are parties to a Joint Exercise of Powers Agreement, dated as of March 1, 2021 (as amended, 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 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. Section 6504 of the Joint Powers Law authorizes the Members to make contributions for the purpose set forth in the Joint Powers Agreement, and 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 City, the District and the Authority previously entered into that certain Memorandum of Agreement, dated as of March 29, 2024 (the "MOA"), pursuant to which the parties thereto (a) allocated ownership of the Project to the City, (b) allocated responsibility for construction of the Project to the City, with 49.23% of the construction costs allocable to the Water Enterprise (as defined in the City Financing Agreement referenced below) and 50.77% of the construction costs allocable to the Sewer Enterprise and (c) allocated responsibility for operation and maintenance of the Project to the City, with 49.23% of the operation and maintenance costs allocable to the Water Enterprise and 50.77% of the operation and maintenance costs allocable to the Sewer Enterprise.

E. The Congress of the United States of America enacted the Water Infrastructure Finance and Innovation Act, §5021 et seq. of Public Law 113-121 as amended by Section 1445 of the Fixing America's Surface Transportation Act of 2015, as further amended by Section 5008 of the Water Infrastructure Improvements for the Nation Act of 2016, Section 4201 of America's Water Infrastructure Act of 2018, and by Sections 50214 and 50215 of the Infrastructure Investment and Jobs Act of 2021 (collectively, as the same may be amended from time to time, the "Act" or "WIFIA"), which is codified at 33 U.S.C. §§3901-3915.

F. The Act authorizes the United States Environmental Protection Agency, an agency of the United States of America ("EPA"), acting by and through the Administrator of the EPA, with an address at 1200 Pennsylvania Avenue NW, Washington, DC 20460 (the "WIFIA Lender") to enter into agreements to provide financial assistance with one or more eligible entities to make secured loans with appropriate security features to finance a portion of the eligible costs of projects eligible for assistance.

G. The Members have asked that the WIFIA Lender make a secured loan to the Authority (the "WIFIA Loan"), pursuant to the Act, to be used to pay a portion of the eligible costs of the Project, and the WIFIA Lender and the Authority are concurrently with the effectiveness of this Agreement entering into a WIFIA Loan Agreement, dated as of _____, 2026 (the "WIFIA Loan Agreement").

H. In order to evidence the WIFIA Loan, the Authority has authorized the issuance of its Daly City Joint Powers Financing Authority 2026 Wastewater Revenue Bond (WIFIA Loan) (the "WIFIA Bond"), under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. The maximum principal amount of the WIFIA Bond shall not exceed $33,890,228. Interest shall accrue on the WIFIA Bond at the interest rates and be payable on the dates as provided therein and in the WIFIA Loan Agreement. The WIFIA Bond will be issued pursuant to the WIFIA Loan Agreement.

I. The WIFIA Loan Agreement requires the District to execute and deliver a Financing Agreement to evidence the District's obligation to make its Authority Bond Payments, and to secure its obligation to pay its Authority Bond Payments with its District Revenues (as defined in the WIFIA Loan Agreement).

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 repayment of the WIFIA Bond and the WIFIA Loan and to provide security for the WIFIA Bond and the WIFIA Loan. The City is concurrently with the effectiveness of this Agreement entering into a Financing Agreement (WIFIA Loan Agreement), dated as of ___, 20__ (the "City Financing Agreement") for the same purpose.

K. In connection with obtaining financial assistance for the Project from the State Water Resources Control Board (the "State Water Board") pursuant to Section 13475 et seq. of the California Water Code, the District has previously entered into (i) a Construction Loan Agreement, by and among the State Water Board, the Authority, the City and the District, which was executed by the State Water Board on May 19, 2025 and (ii) a related Financing Agreement, dated as of September 12, 2024 (the "2025 SRF Financing Agreement"), by and between the Authority and the District. Under the 2025 SRF Financing Agreement, the District agreed to make certain payments denominated

Member Agency Payments ("2025 SRF Member Agency Payments"). The District's obligation to make the 2025 SRF Member Agency Payments is secured by a pledge of and payable from Net Revenues of the Sewer Enterprise.

L. The 2025 SRF Financing Agreement allows the District to incur additional obligations secured by and payable from Net Revenues on a parity basis with the 2025 SRF Member Agency Payments, including the Authority Bond Payments.

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. In the event of a conflict between a term as defined in this Agreement and as such term as defined in the WIFIA Loan Agreement, the definition given such term in the WIFIA Loan Agreement shall control. Otherwise, the terms defined in the recitals above and in Appendix A hereto have the respective meanings given those terms when used in this Agreement.

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

Section 3. Authority Bond Payments; Prepayment; Security Deposit.

(a) Payment Dates and Amounts. The District shall be solely responsible for payment of the Authority Bond Payments. The District shall pay the Authority Bond Payments in semiannual installments in the amounts and at the times set forth in Appendix B hereto. The Authority and the District acknowledge and agree that the Authority Bond Payments set forth in Appendix B hereto are initially equal to the payments of principal and interest set forth on the Loan Amortization Schedule in Exhibit F (WIFIA Debt Service) to the WIFIA Loan Agreement in all respects, other than with respect to the relevant payment dates. The Authority and the District agree that (i) upon any modification to Exhibit F (WIFIA Debt Service) to the WIFIA Loan Agreement, Appendix B hereto shall be deemed modified mutatis mutandis, (ii) the District will provide to the Authority (with a copy to the WIFIA Lender) a revised Appendix B which the Authority and the District agree will replace the then current Appendix B (such replacement being a ministerial act and not an amendment or supplement to this Agreement), (iii) no modification to Appendix B hereto shall otherwise be made without the consent of the WIFIA Lender and (iv) the District's failure to provide or delay in delivering such revised Appendix B shall not affect the modifications deemed to be made thereto or the obligation of the District to make the Authority Bond Payments as so modified.

(b) Optional Prepayment. The District may exercise its option to prepay the principal components of the Authority Bond Payments in whole or in part on any date on which the WIFIA Loan is subject to optional prepayment under the WIFIA 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 Authority Bond Payments to be prepaid and (b) the interest component of the Authority Bond Payments required to be paid on or accrued to such date; provided that such prepayments shall be in principal amounts of $1,000,000 or any integral multiple of $1.00 in excess thereof. The District shall prepay the Authority Bond Payments on the same dates and in the same amounts as the Authority's optional prepayments of the WIFIA Loan in accordance with the WIFIA Loan Agreement and shall not optionally prepay the Authority Bond Payments at any other time or in any other amounts. The District shall provide written notice of a prepayment pursuant to this Section 3(b) and rescission of an announced prepayment in sufficient time to allow the Authority to meet the notice requirements of the WIFIA Loan Agreement. Anything in this Section 3(b) to the contrary notwithstanding, the failure by the District to make any optional prepayment shall not constitute a breach or default under this Agreement.

(c) Security Deposit. Notwithstanding any other provision hereof, the District may on any date secure the payment of Authority Bond 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 Authority Bond 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 WIFIA Lender), together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such Authority Bond Payments when due as set forth in Appendix B or when due on any optional prepayment date under the preceding subsection (b).

If the District posts a security deposit under this Section 3 for the payment of all remaining Authority Bond Payments identified by the WIFIA Lender, such security deposit shall not be deemed to be a repayment or prepayment of the Authority Bond Payments in full, and each of the Authority and the District shall comply with all of its obligations hereunder and under the other WIFIA Loan Documents (as defined in the WIFIA Loan) (other than with respect to payments of Authority Bond Payments, which payments shall continue to be made in accordance with Appendix B hereto (including by any successor entity assuming the District's payment obligations hereunder), unless otherwise agreed by the WIFIA Lender, until the irrevocable payment in full in immediately available funds of the WIFIA Loan Balance (as defined in the WIFIA Loan Agreement) (and the corresponding unpaid principal components of the Authority Bond Payments), together with all accrued interest (and the corresponding interest components of the Authority Bond Payments), fees and expenses with respect thereto.

Notwithstanding the foregoing, should the security deposit under this Section 3 be insufficient to satisfy the full amount of Authority Bond Payments, the District shall remain obligated to pay such amounts.

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

(a) Pledge of Net Revenues. The District hereby pledges and creates a lien on and security interest in all Net Revenues to secure the payment of the Authority Bond Payments as provided herein; provided, however, that out of the Net Revenues 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 Authority Bond 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's Sewer Fund which fund the District has previously established and agrees and covenants to maintain so long as the Authority Bond 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, shall be applied by the District to pay when due the following amounts in the following order of priority:

(i) On or before each Authority Bond Payment Date, the District shall, from amounts in the Sewer Fund, transfer to the Authority for deposit into the WIFIA Debt Service Account (as defined in the WIFIA Loan Agreement) an amount that, together with amounts held in the WIFIA Debt Service Account for that purpose, is equal to the interest amount becoming due and payable on such Authority Bond Payment Date, as set forth in Appendix B.

(ii) On or before each Authority Bond Payment Date, the District shall, from amounts in the Sewer Fund, transfer to the Authority for deposit into the WIFIA Debt Service Account an amount that, together with amounts held in the WIFIA Debt Service Account for that purpose, is equal to the principal amount becoming due and payable on such Authority Bond Payment Date, as set forth in Appendix B.

(iii) On or before each Authority Bond Payment Date, 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 to the 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) On or before each Authority Bond Payment Date, the District shall, from amounts in the Sewer Fund in excess of the sums required to make the transfers specified in the foregoing clauses (i), (ii) and (iii), transfer or cause to be transferred to any applicable debt service reserve fund for any Parity Obligation other than the WIFIA Bond, the sum or sums required to be paid or deposited in such debt service reserve fund in accordance with the terms of such Parity Obligation..

(v) On or before each Authority Bond Payment Date, the District shall, from amounts in the Sewer Fund in excess of the sums required to make the transfers specified in foregoing clauses (i), (ii), (iii) and (iv), 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 Subordinated Obligations, on the dates specified in the Issuing Instrument relating to such Subordinated 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 Subordinated Obligations.

(vi) All money on deposit in the Sewer Fund in excess of the sums required to be set aside on or before each Authority Bond Payment Date by the provisions of the foregoing clauses (i), (ii), (iii), (iv) and (v) shall be available for (A) the payment of any unsecured obligations (including, but not limited to, any amounts payable by the District under Section 10(a), Sections 14(p)(i) and 14(p)(ii), and Section 32 of the WIFIA Loan Agreement) (B) the acquisition and construction of improvements to the Sewer Enterprise, (C) any transfers permitted under this Agreement to the Rate Stabilization Fund and (D) any other lawful purpose of the District (provided that the foregoing clause (D) shall not supersede, modify or otherwise affect the District's obligations pursuant to Section 15(g) of the WIFIA Loan Agreement).

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.

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

(a) Special Obligation of the District. The District's obligation to pay the Authority Bond 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 Authority Bond Payments and such other amounts. No other funds or property of the District are liable for the payment of the Authority Bond Payments and any other amounts coming due and payable hereunder.

(b) Obligations Absolute. The obligations of the District to pay the Authority Bond 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 Authority Bond Payments are fully paid or prepaid, the District will (a) not suspend or discontinue payment of any Authority Bond 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 WIFIA Loan Agreement or this Agreement.

Section 6. Rates and Charges.

The District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Sewer Enterprise during each Fiscal Year which are at least sufficient to yield (a) Net Revenues for such Fiscal Year at least equal to one hundred twenty percent (120%) of Maximum Annual Debt Service on all Parity Obligations for such Fiscal Year and (b) Net Revenues for such Fiscal Year at least equal to one hundred twenty percent (120%) of Maximum Annual Debt Service on all Subordinated Obligations for such Fiscal Year, except that coverage of at least one hundred percent (100%) of Debt Service on all Subordinated Obligations shall be deemed sufficient with respect to Subordinated Obligations so long as Obligations of the District other than this Agreement are outstanding and, upon defeasance of all Obligations of the District other than this Agreement, this ratio must be at least one hundred twenty percent (120%), except where such Obligations of the District are defeased pursuant to Refunding Parity Obligations.

For the purposes of the calculation of the rate covenant described in clauses (a) and (b) above, Net Revenues may include transfers from the Rate Stabilization Fund; provided that the Net Revenues excluding such transfers are at least one hundred percent (100%) of the Maximum Annual Debt Service for the relevant Fiscal Year with respect to all Outstanding Obligations.

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.

Section 7. No Senior Lien Debt. The District shall not create, incur or suffer to exist (a) any Obligations which are senior or prior in right to (i) the payment by the District of the Authority Bond Payments and the other Parity Obligations or (ii) the Lien on the Net Revenues in favor of the Authority or (b) any obligations, all or a portion of the proceeds of which are or will be applied at any time to fund all or any portion of Total Project Costs (as defined in the WIFIA Loan Agreement), that are secured by a Lien on any assets or property of the District other than the Net Revenues.

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) Subject to subsection (c), 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, 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) (A) the estimated Net Revenues of the District for the Fiscal Year in which the proposed Additional Parity Obligation is issued, and (B) projected Net Revenues of the District for the five (5) Fiscal Years immediately following the Fiscal Year in which the Additional Parity Obligation is issued, will be at least equal to one hundred twenty percent (120%) of the maximum Annual Debt Service for such Fiscal Year(s) with respect to all Outstanding Parity Obligations, including the Additional Parity Obligation proposed to be issued. For purposes of clause (B), (1) if all or a portion of the interest on any Parity Obligations during such five (5) Fiscal Year period is being or will be capitalized, the five (5) Fiscal Year period will commence with the first Fiscal Year beginning on or after the last date on which such interest is capitalized, (2) projected Net Revenues of the District for each Fiscal Year in the five (5) Fiscal Year period may include Revenues arising from increases in the rates and charges estimated to be fixed and prescribed or received for the services of the Sewer Enterprise and which are economically feasible and reasonably considered necessary based on projected operations for such Fiscal Year, and (3) Net Revenues of the District may include Rate Stabilization Fund transfers, provided that the Net Revenues, excluding the amounts of such transfers, equals at least one hundred percent (100%) of the Maximum Annual Debt Service for the relevant Fiscal Year with respect to all Outstanding Parity Obligations, including the Additional Parity Obligation proposed to be issued.

(d) For purposes of preparing the certificate or certificates described in subsections (c) and (e), 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 Accountant if audited financial statements for the particular Fiscal Year are not available.

(e) Upon the incurrence of any Additional Parity Obligations, the District shall provide to the WIFIA Lender a certificate signed by an Authorized Representative, (A) specifying the closing date with respect to such Additional Parity Obligations and (B) confirming that such Additional Parity Obligations are authorized pursuant to, and satisfy the applicable requirements under, the WIFIA Loan Agreement.

(f)The District may, at any time and from time to time, issue any 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:

(i) 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) such Subordinated Obligation is fully subordinated to the Parity Obligations in priority of payment (as to both principal and interest), voting and priority of security interest with respect to the Net Revenues, including with respect to payment from revenues and reserves and payment upon default or acceleration of any such Obligations; provided that the Issuing Instrument for a Subordinated Obligation shall not supersede or conflict with any provision of the Financing Agreement or contain a right to accelerate without the consent of the WIFIA Lender.

(g) For purposes of preparing the certificate or certificates described in subsection (f) of this section, 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 Accountant if audited financial statements for the particular Fiscal Year are not available.

(h) Upon the incurrence of any Subordinated Obligations, the District shall provide to the WIFIA Lender a certificate signed by an Authorized Representative, (A) specifying the closing date with respect to such Subordinated Obligations and (B) confirming that such Subordinated Obligations are authorized pursuant to, and satisfy the applicable requirements under, the WIFIA Loan Agreement.

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 and the WIFIA Loan 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 and in compliance with the requirements set forth in the WIFIA Loan Agreement. 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 WIFIA Lender, 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 WIFIA Lender, 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 WIFIA Lender, 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, in accordance with Section 4(b), 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 Authority Bond Payments or any Parity Obligation.

Section 13. Reserved.

Section 14. Cooperation with Bond Issuance. The District agrees that it will execute and deliver any and all such closing certificates, agreements, instruments, other documents or other assurances as may be reasonably requested by the Authority to complete the issuance and sale of the WIFIA Bond. 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 WIFIA Loan Agreement.

Section 15. No Cross-Collateralization. In the event that the City fails to make any payments required pursuant to the City 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 WIFIA Lender 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 WIFIA Bond 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. (a) The Authority and the District shall not amend or modify any of the provisions of this Agreement without the prior written consent of the WIFIA Lender.

(b) The Authority shall not take any of the following actions without the express written consent of the WIFIA Lender, as third-party beneficiary under this Agreement: (i) enter into an agreement similar to this Agreement with another party for the purpose of securing additional revenue to make its payments under the WIFIA Loan Agreement; (ii) add additional members to the Joint Powers Agreement; or (iii) amend the payment terms of this Agreement.

Section 18. Events of Default and Remedies.

(a) If an Event of Default under and as defined in the WIFIA Loan Agreement shall have occurred, then an "Event of Default" shall have occurred hereunder, and the Authority shall immediately notify the WIFIA Lender of such Event of Default and shall follow any written directions of the WIFIA Lender, which may include a direction to declare the entire principal amount of the unpaid Authority Bond 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; provided that the unpaid

Authority Bond Payments shall automatically become due and payable without the action of the Authority or any other person if the unpaid principal amount of the WIFIA Loan shall have become immediately due and payable. Notwithstanding anything to the contrary set forth herein, the Authority shall not have the right to (i) accelerate the Authority Bond Payments or (ii) exercise any other rights or remedies hereunder following the occurrence of an Event of Default in each case without the prior written direction of the WIFIA Lender.

(b) Upon the occurrence of an Event of Default, the Authority shall have the right (but only following the prior written direction of the WIFIA Lender):

(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;

(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 WIFIA Lender as assignee of the Authority pursuant to the WIFIA Loan Agreement; or

(iv) to apply the Default Rate (as defined in the WIFIA Loan Agreement) to the unpaid balance of the Authority Bond Payments.

(c) Upon the occurrence of an Event of Default, the WIFIA Lender, as assignee of the Authority pursuant to the WIFIA Loan Agreement, shall be entitled and empowered 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 hereunder, 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. Assignment; Binding Effect. This Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, to the WIFIA Lender without the necessity of obtaining the prior consent of the District. Subject to the foregoing sentence, neither the rights or obligations of the Authority or the District hereunder nor any interest herein may be assigned or delegated without the prior written consent of the WIFIA Lender. 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; Electronic Delivery. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic delivery of an executed counterpart of a signature page of this Agreement or of any document or instrument delivered in connection herewith shall be effective as delivery of an original executed counterpart of this Agreement or such other document or instrument, as applicable.

Section 24. Third Party Beneficiary. The WIFIA Lender 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 WIFIA Lender were a party hereto.

Section 25. Integration. This Agreement and the WIFIA Loan Agreement constitute 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 ___________________________________
General Manager

ATTEST:

By ___________________________________
Secretary

DEFINED TERMS

"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).

"Authority Bond Payment Date" means the fifth (5th) business day prior to each Payment Date (as defined in the WIFIA Loan Agreement).

"Authority Bond Payments" means the amounts paid by the District under Section 3 of this Agreement.

"Authorized Representative" means the Chairman, the General Manager or any other officer of the District duly authorized to act as an Authorized Representative for purposes of this Agreement by resolution of the Board of Directors of the District or written authorization of the Chairman or the General Manager.

"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 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 aggregate amount of principal and interest scheduled to become due (either at maturity or by mandatory redemption) on all Outstanding Parity Obligations, 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 Outstanding Parity 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 Outstanding Parity 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 Outstanding Parity 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 Outstanding Parity Obligation that is subject to a swap agreement such that all or a portion of the interest has been swapped to a variable rate shall be treated as variable rate debt under subdivisions (b) or (c) of this definition of Debt Service;

f. Payments of principal and interest on an Outstanding Parity Obligation are excluded from the calculation of Debt Service to the extent such payments are to be paid from amounts then currently on deposit with a trustee or other fiduciary and restricted for the defeasance of such Outstanding Parity Obligation;

g. If twenty-five percent (25%) or more of the principal of an Outstanding Parity Obligation is not due until its final stated maturity, then principal and interest on that Outstanding Parity Obligation may be projected to amortize over the lesser of 30 years or the Useful Life of the financed asset, and interest may be calculated according to subdivisions (b)-(e) of this definition of Debt Service, as appropriate.

"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.

"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, 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.

"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.

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

"Lien" means any mortgage, pledge, hypothecation, assignment, mandatory deposit arrangement, encumbrance, attachment, lien (statutory or other), charge or other security interest, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including any sale-leaseback arrangement, any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, and the filing of any financing statement or similar instrument under the UCC or any other applicable law.

"Maintenance and Operation Costs" means the reasonable and necessary costs paid or incurred by the District for maintaining and operating the Sewer Enterprise, determined in accordance with Generally Accepted Accounting Principles, including (a) all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Sewer Enterprise in good repair and working order, (b) all reasonable and necessary administrative costs of the District that are charged directly or apportioned to the operation of the Sewer Enterprise, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses, and charges to operate the Sewer Enterprise and insurance premiums and (c) amounts reasonably required to be set aside in an operations and maintenance contingency reserve for such costs the payment of which is not immediately required, and which shall not exceed, for purposes of constituting Maintenance and Operation Costs for a Fiscal Year that can be paid prior to Debt Service on Outstanding Parity Obligations, five percent (5%) of the budgeted Maintenance and Operation Costs set forth in the then current adopted budget (the "O&M Reserve Amounts") (for clarity, nothing in this clause (c) shall limit the aggregate amount of O&M Reserve Amounts, or the amount of Net Revenues for a Fiscal Year or any prior Fiscal Year that can be deposited into an operations and maintenance contingency reserve from amounts in the Sewer Fund pursuant to clause (vi) of Section 4(b) above); 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 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 payments pursuant to a Qualified Swap Agreement. For the avoidance of doubt, "Maintenance and Operation Costs" includes amounts payable for operation and maintenance under the Joint Powers Agreement, the MOA and equivalent agreements entered into between the District and the Authority with respect to other projects, 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 District or the Authority.

"Maximum Annual Debt Service" means the maximum amount of Debt Service due on any Outstanding Parity 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 Debt Service for such Outstanding Parity Obligations will become due.

"Net Revenues" for any Fiscal Year means the sum of Revenues for such Fiscal Year less the sum of all Maintenance and Operation Costs for such Fiscal Year.

"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.

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

"Parity Obligations" means (a) the Authority Bond Payments, (b) the 2025 SRF Member Agency Payments payable under the 2025 SRF Financing Agreement, and (c) Additional Parity Obligations.

"Project" means the Vista Grande Drainage Basin Improvement project, located in City of Daly City, California, and consists of improvements to the regional stormwater drainage system infrastructure to manage flooding and enhance stormwater discharges to the Pacific Ocean, as more fully described in the WIFIA Loan 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.

"Refunding Parity Obligations" means Parity Obligations issued for the purpose of refunding all or any portion of the Outstanding Parity Obligations and satisfying the conditions set forth in Section 6.

"Revenues" means, for each Fiscal Year, all gross income and revenue received by the District from the ownership or operation of the Sewer Enterprise, determined in accordance with Generally Accepted Accounting Principles, including:

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

(ii) amounts transferred into the Sewer Fund from any rate stabilization fund of the District and

(iii) all other income and revenue howsoever derived by the District from the ownership or operation of the Sewer Enterprise or arising from the Sewer Enterprise, including all income from the deposit or investment of any money in the Sewer Fund or any rate stabilization fund of the District or held on the District's behalf,

minus amounts, if any, withdrawn by the District from Revenues during such Fiscal Year for deposit in the Rate Stabilization Fund and any moneys derived from refundable deposits and advances or contributions.

"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.

"SOFR" means the Secured Overnight Financing Rate.

"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.

"Uniform Commercial Code" or "UCC" means the Uniform Commercial Code, as in effect from time to time in the State of California.

APPENDIX B

AUTHORITY BOND PAYMENT SCHEDULE
North San Mateo County Sanitation District

(the payment dates shown on the attached payment schedule reflect the due dates on the WIFIA Bond and the Authority Bond Payments are due not later than the fifth (5th) Business Day prior to each such payment date on the WIFIA Bond)

AMENDED AND RESTATED MEMORANDUM OF AGREEMENT

Vista Grande Drainage Basin Improvement Project

This AMENDED AND RESTATED MEMORANDUM OF AGREEMENT (this “Agreement”), dated as of ____, 2026, is among 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”), CITY OF DALY CITY, a general city and municipal corporation established under the Constitution of the State of California (the “City”) and 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”), and amends and restates that certain Memorandum of Agreement, dated as of March 29, 2024, by and among the Authority, the City and the District (the “Original Agreement”).

B A C K G R O U N D :

A. 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").

B. The City and the District are parties to a Joint Exercise of Powers Agreement, dated as of March 1, 2021 (as amended, 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 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 (the “Construction Loan Agreement”) for the purpose of financing the Project.

E. In connection with entering into the Construction Loan Agreement, the State Water Board required the Authority, the City and the District to enter into an agreement documenting their respective roles with respect to ownership and operation of the Project.

F. The Authority, the City and the District have determined that it is in their best interests to amend the Original Agreement to document certain additional terms in connection with a proposed financing provided by the Environmental Protection Agency under the Water Infrastructure Finance and Innovation Act.

A G R E E M E N T :

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

Section 1. Definitions. Capitalized terms used herein shall have the meanings given them in the preamble and Background section of this Agreement.

Section 2. Role of the Authority. The Authority, the City and the District hereby agree that the role of the Authority is limited to acting as a conduit to provide assistance with financing the Project, and that the Authority shall neither own nor operate the Project.

Section 3. Ownership of the Project. The City shall own the Project.

No entity other than the City shall own any portion of the Project.

Section 4. Construction of the Project. The City shall be responsible for construction of the Project, including the following specific tasks:

a. Selection of the third-party consultant to oversee the day-to-day activities of the planning, design, program implementation, communications, costs and schedule tracking, and construction of the Project.

b. To solicit bids, award, and enter into contracts for the Project.

c. To administer the construction, and review and approve construction contract progress payments and change orders as needed.

d. To approve, reject, or modify contracts for management, engineering and related studies and construction work, change orders, claim resolutions, and the acceptance of the completed construction of the Project.

e. To determine the adequacy of performance during the construction of the projects.

f. To apply for and receive any permits or consents required from other public agencies and entities for the Project.

g. To acquire by purchase, lease, gift, condemnation or otherwise, any real property or interest therein which it finds to be reasonably necessary for the Project.

The City shall pay the costs of constructing the portion of the Project related to the City's water enterprise from revenues of the water enterprise. The City shall send periodic invoices to the District to pay the costs of constructing the portion of the Project related to the District's wastewater enterprise.

The parties have agreed that 49.23% of the construction costs shall be allocable to the water enterprise and 50.77% of the construction costs shall be allocable to the District's wastewater enterprise. Within 18 months of Project completion, the parties agree to review actual construction costs, amend this Agreement in accordance with Section 7 to revise the allocation of construction costs, amend the Member Financing Agreements to revise the allocation of project related debt service, and take other actions as necessary to allocate actual construction costs including transfers of funds between the parties.

Section 5. Operation and Maintenance of the Project. The City shall be responsible for operating and maintaining the Project. More specifically, the City shall:

a. maintain, repair, replace, improve, and operate the Project,

b. solicit bids, award, and enter into contracts with third parties for services related to replacement, modification, or repair of the facilities, or parties thereof,

c. annually prepare a budget including proposed capital improvements and operation, maintenance, and replacement costs; and to provide for the allocation of these costs as described herein,

d. operate and maintain the Project in a reasonable and prudent manner,

e. maintain insurance for the Project as appropriate, and

e. comply with applicable laws and regulations and to act reasonably and prudently.

The City shall pay the costs of operating and maintaining the portion of the Project related to the City's water enterprise from revenues of the water enterprise. The City shall send periodic invoices to the District to pay the costs of operating and maintaining the portion of the Project related to the District's wastewater enterprise.

The parties have agreed that 49.23% of the operation and maintenance costs shall be allocable to the water enterprise and 50.77% of the operation and maintenance costs shall be allocable to the District's wastewater enterprise. After the first full fiscal year of operating and maintaining the Project, the parties agree to annually review actual operation and maintenance costs and amend this Agreement in accordance with Section 7 to revise the allocation of future operation and maintenance costs.

Section 6. Management of Project Financing. The City shall be responsible for managing the financing of the Project, including the financing obtained from the State Water Board.

The parties have agreed that 49.23% of the financing costs shall be allocable to the water enterprise and 50.77% of the financing costs shall be allocable to the District's wastewater enterprise. After Project completion, the parties agree to review actual financing costs and transfer funds between parties if the actual allocation varies from this Agreement and to account for any financing costs specific to one party.

Section 7. Loans. In the event the City with revenues of the water enterprise makes a payment on behalf of the District's wastewater enterprise, such payment shall be treated as an unsecured loan by the City to the District that is payable from revenues of the wastewater enterprise and it shall accrue interest at a variable interest rate equal to the rate of return earned by the City's pooled investment portfolio from the date of the payment by the City through the repayment date.

In the event the District with revenues of the wastewater enterprise makes a payment on behalf of the City's water enterprise, such payment shall be treated as an unsecured loan by the District to the City that is payable from revenues of the water enterprise, and it shall accrue interest at a variable interest rate equal to the rate of return earned by the City's pooled investment portfolio from the date of the payment by the District through the repayment date.

Section 8. Conflict. In the event of any conflict between this Agreement and the Original Agreement, this Agreement shall govern.

Section 9. Amendment; Termination. The parties may mutually agree to amend or terminate this agreement at any time by written agreement.

Section 10. Governing Law. This Agreement will be construed in accordance with and governed by the laws of the State of California.

Section 11. 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 City 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 12. Execution of Counterparts; Electronic Signatures. 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.

The parties hereto acknowledge and agree that this Agreement may be executed by one or more electronic means (hereinafter referred to as "Electronic Signatures"). Each party hereto agrees that Electronic Signatures provided by such party shall constitute effective execution and delivery of this Agreement by such party to all other parties to or relying on this Agreement. Each party hereto agrees that Electronic Signatures shall constitute complete and satisfactory evidence of the intent of such party to be bound by those signatures and by the terms and conditions of this Agreement as signed. Each party agrees that Electronic Signatures shall be deemed to be original signatures for all purposes.

Each party hereto agrees to accept Electronic Signatures provided by any and all other parties to this Agreement as (i) full and sufficient intent by such parties to be bound hereunder, (ii) effective execution and delivery of this Agreement and (iii) constituting this Agreement an original for all purposes, without the necessity for any manually signed copies to be provided, maintained or to exist for back up or for any other purpose.

If Electronic Signatures are used to execute this Agreement, each party hereto hereby accepts the terms of, and intends and does sign, this Agreement by its Electronic Signature hereto.

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

IN WITNESS WHEREOF, the Authority and the City 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

CITY OF DALY CITY

By ___________________________________
City Manager

ATTEST:

By ___________________________________
City Clerk

NORTH SAN MATEO COUNTY SANITATION DISTRICT

By ___________________________________
General Manager

ATTEST:

By ___________________________________
Secretary