

INVERNESS PUBLIC UTILITY DISTRICT

FIRE DEPARTMENT  WATER SYSTEM

50 INVERNESS WAY NORTH • P.O. BOX 469 • INVERNESS CA 94937 • (415) 669-1414

Board of Directors

Wednesday, July 22, 2020

AGENDA

9:00 a.m.

Regular Meeting

Teleconference

Video and Teleconference Meeting During COVID-19 Emergency: As a result of the COVID-19 emergency and the Governor's Executive Orders to protect public health by limiting public gatherings and requiring social distancing, this meeting will occur solely via remote presence.

- **To participate by phone:**
 - **Dial: 707-203-0270**
 - **Enter pin: 71867**
 - **Keep your phone on "mute" except when you have been recognized as a speaker**
- **To participate by video:** <https://www.uberconference.com/invernesspub>

Opening 9:00 a.m.

1. **Call to Order; Attendance Report**
2. **Public Expression:** Opportunity for members of the public to address the Board on matters under the Board's jurisdiction but not on the posted agenda. Directors or staff "**may briefly respond to statements made or questions posed**" during Public Expression, but "**no action or discussion shall be undertaken on any item not appearing on the posted agenda**" (Gov. Code §54954.2(a)(3)). Members of the public may comment on any item listed on the posted agenda at the time the item is considered by the Board.
3. **Approval of Minutes:** Regular meeting of June 24, 2020

The State of the District

4. **Management Report:** Shelley Redding, Jim Fox
 - June 2020 Financial Reports
 - Status of Operating Budget for FY 2020/21
 - Status of Tenney Tank Project
 - MERA Status Update
 - MWPA and IPUD Chipper Days
 - Marin Special District Association
5. **Water System Report, June 2020:** Superintendent Fox & Customer Services Manager Holland
6. **Fire Department Reports, May and June 2020:** Chief J. Fox

The Business of the District

7. **Approval of Committed Fund:** Request to set up Committed Fund for Trossach Roadway repairs after completion of Tenney Tank Replacement Project.

Material provided in the meeting packet is available on the District's website, www.invernesspub.org, or by contacting the District office.

Items may not be taken up in the order shown on this Agenda.

For assistance in participating in this event due to a disability as defined under the ADA, please call in advance to (415) 669-1414.

THE PUBLIC IS CORDIALLY INVITED TO PARTICIPATE IN THIS MEETING

**BOARD OF DIRECTORS: KENNETH J. EMANUELS, PRESIDENT • DAKOTA WHITNEY, VICE PRESIDENT
KATHRYN DONOHUE, TREASURER • BRENT JOHNSON • DAVID PRESS**



**SHELLEY REDDING, ADMINISTRATOR/CLERK OF THE BOARD
JAMES K. FOX, CHIEF OF OPERATIONS (FIRE CHIEF, WATER SYSTEM SUPERINTENDENT)**

8. **CERBT Fund Disbursement/Investment:** Recommendation for Investments and Expenditures for Retired Annuitant Healthcare Premiums.
9. **Approval of Expenditures and Credit Card Charges:** June 2020
10. **Public Hearing on Declaration of Water Shortage Emergency**
11. **Adopt Resolution 255-2020:** Declaration of a Water Shortage Emergency

Closing

12. **Committee Meetings/Reports**
 - **Personnel Committee**
13. **Announcements, Next Meeting, Adjournment**

Posted: July 17, 2020



Inverness Public Utility District Board
Meeting July 22, 2020

Agenda Item No. 1

Call to Order;

Attendance Report



Inverness Public Utility District Board
Meeting July 22, 2020

Agenda Item No. 2

Public Expression

Opportunity for members of the public to address the Board on matters under the Board’s jurisdiction but not on the posted agenda.

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Members of the public may comment on any item listed on the posted agenda at the time the item is considered by the Board.



Inverness Public Utility District Board
Meeting July 22, 2020

Agenda Item No. 3

Regular Meeting June 24, 2020

Minutes Approval



Inverness Public Utility District

Fire Department ~ Water System

50 Inverness Way No., P.O. Box 469, Inverness CA 94937 ~ (415) 669-1414

Board of Directors

Minutes, Regular Meeting

Wednesday, June 24, 2020, 9:00 a.m.

Teleconference

1. Call to Order

President Emanuels called the meeting to order on Teleconference at 9:03 a.m.

Attendance Report

Directors Present: Kenneth J. Emanuels, Dakota Whitney, Kathryn Donohue, Brent Johnson, David Press

Directors Absent: None

Staff Present: Shelley Redding, Clerk and Administrator; Jim Fox, Chief of Operations; Wade Holland, Customer Services Manager

2. Public Expression

None.

3. Approval of Minutes

- **Regular Meeting of May 27, 2020:** *M/S Donohue/Johnson to approve the minutes of the Regular Meeting of May 27, 2020, as submitted. Roll Call Taken AYES 5 NOES 0*

4. Management Report

- **May 2020 Financial Reports:** Administrator Redding presented the financial reports for May, noting that upon a review of expenses with staff, some corrections to expenses booked to the wrong accounts were made and the reports now reflect actual expenditures by account. President Emanuels asked about the Water System's water usage revenue; staff will review for accuracy. President Emanuels also asked about the lack of expenditures from the West Marin Emergency Services fund; staff noted that personal protective equipment for the volunteers will be purchased before the end of the fiscal year.
- **New Service Connection Fee:** The new service connection fee for 2020 is calculated to be \$7,700.00, as shown on the Certificate included in the meeting packet.
- **Tenney Tank Project Update:** A status report on the Tenney Tank project was summarized by Administrator Redding and Superintendent Fox, including the results of a meeting with Tom & Sherry Baty to address their concerns relating to the Tenney

BOARD OF DIRECTORS: **KENNETH J. EMANUELS**, PRESIDENT • **DAKOTA WHITNEY**, VICE PRESIDENT
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SHELLEY REDDING, ADMINISTRATOR • **JAMES K. FOX**, CHIEF OF OPERATIONS

Tank Project and repair and maintenance of the Trossach roadway. Staff will make a recommendation to the Board regarding a committed fund to be established for potential damage repair to the roadway as a result of construction, once the final financing agreement has been issued by the State Water Resources Control Board.

- **West Marin Mutual Aid:** Administrator Redding reported that Superintendent Fox contacted North Marin Water about their interest in participating in a semi-formal mutual aid organization with the Inverness, Bolinas, and Stinson Beach water systems to support each other in the event of a major event; North Marin would be pleased to participate, but nothing has been formalized yet.
5. **Water System Report, May 2020:** Superintendent Fox reported on the likely necessity to declare a Water Shortage Emergency as early as July. He has submitted a request to Water Boards to utilize Well 5 at the Third Valley treatment plant, which well was established in 1982 but has never been used due to aesthetic issues. It now appears to be running clean and could be used. Director Donohue requested clarification on the water report and the 27% increase in production and in general how leaks are detected. Superintendent Fox described the process of anticipation and repairs, noting that at times citizens report leaks (but there are also natural springs that are reported frequently as system leaks).
 6. **Fire Department Report, May 2020:** Chief Fox will provide the May report at the July meeting. He did report on the ongoing activity of the Marin Wildfire Prevention Authority (MWPA) and their initial efforts to address fuel reduction projects in Marin County.
 7. **Resolution 253-2020 Setting the District's Appropriations Limit for FY 2020/21 (public hearing):** President Emanuels opened the public hearing. No one asked to be heard. President Emanuels closed the public hearing. *M/S Whitney/Johnson to adopt Resolution 253-2020. Roll Call Taken AYES 5, Noes 0*
 8. **Resolution 254-2020 Setting Reserve Fund Balances; Setting 2019/2020 Beginning Fund Balances; Designating Interfund Allocations:** Customer Services Manager Holland recounted financial reporting issues that have come to light over the past 20 months, including discovery of redundant accounts on the chart of accounts, what appears to have been a misunderstanding in 2011 about GASB 54 in setting up reserved-fund accounts, and the use for a number of years of a financial reporting format that obscured that the water system began accumulating operating losses as far back as 2014-2015. One area of concern is that force account expenditures for capital projects do not appear to have been tracked or recorded on the District's books. Principally affected capital projects include the Stockstill Tanks replacement project, the Camino del Mar main replacement project, and the planning and engineering phases of the Tenney Tanks replacement project. The audit for June 30, 2019, shows the deficit at \$648,781. Staff has been identifying and addressing these problems since November 2018, and in response on June 19, 2019, the Board adopted a set of "accounting guideposts," and on February 26, 2020, the Board adopted Resolution 247-2020 addressing the tank replacement fund and Resolution 250-2020 reclassifying fund categories for compliance with GASB 54. In addition, the Board accepted the legal opinion provided by counsel (Ragghianti Freitas LLP) clarifying the use of the District's general fund. Accordingly, staff is providing two options for addressing and resolving the so-called "Interfund accounts" anomaly on the District's books. The portion of the draft

of Resolution 254-2020 marked as "Option A" would stretch out the write-down of the deficit over 3-4 years, while the portion marked as "Option B" would write down the entire deficit as of June 30, 2020. These two scenarios are driven by the Board's decision on declaring the beginning fund balances as of July 1, 2019, the date on which the District converted from two-fund accounting (Fire and Water) to three-fund accounting (General, Fire, and Water). Board members considered the two options at length. *M/S Whitney/Johnson to accept and approve Resolution 254-2020 with the Option B language.* **Roll Call Taken AYES 5, NOES 0**

9. **Capital Project for Rebuild of High Intake D4:** Administrator Redding explained that the storm-damage repair work at the D4 high intake was undertaken initially as maintenance expenditures on the operating budget, but it has become apparent that the work is more appropriate to be considered a capital improvement project that substantially increases the value and useful life of the facilities. *M/S Whitney/Donohue to approve a capital project for the rebuild of High Intake D4 at a total project cost of \$23,000, and to authorize expenditure of the full amount budgeted for the project.* **Roll Call Taken AYES 5, NOES 0**
10. **Capital Project for Purchase of Water System Utility Vehicle:** Superintendent Fox summarized the opportunity to acquire a 2015 GMC diesel truck with an appropriate utility body, 4-wheel drive, and towing capability. He noted a correction in the staff report: the vehicle being replaced is a 1976 Ford F250 (not a 1986 Ford F350). *M/S Donohue/Johnson to approve a capital project for purchase for the Water System of a 2015 GMC utility vehicle at a total project cost of \$40,000, and to authorize expenditure of the full amount budgeted for the project.* **Roll Call Taken AYES 5, NOES 0**
11. **Approval of Amendments to FY2019/20 Operating Budget:** Administrator Redding reported that two major categories of expenditures had been typographically omitted when the current year's operating budget was originally presented and approved, so these amendments put those items back into the budget. *M/S Johnson/Press to approve the amended FY2019/20 operating budgets as presented.* **Roll Call Taken AYES 5, NOES 0**
12. **Extension of 2019/20 Operating Budget into FY2020/21:** Administrator Redding requested an extension of the current year's operating budget in order to continue the District's operations into the new fiscal year. This is because of uncertainties about next year's revenue in two significant areas, ERAF revenues, which the State is proposing to withhold, and TOT revenues, which are already being impacted heavily by the COVID-10 pandemic. There are also potential changes in District staffing that need to be given further consideration. President Emanuels said he would like to have a budget proposal available by the July meeting. *M/S Donohue/Press to approve extension of the District's operations on the basis of the 2019/20 operating budget for 60 days of the 2020/21 fiscal year.* **Roll Call Taken AYES 5, NOES 0**
13. **Approval of Expenditures and Credit Card Charges:** Administrator Redding presented the expenditures ledger and the credit card statements from May 2020. *M/S Donohue/Whitney to approve the listed expenditures for May 2020 and credit card charges invoiced in May 2020.* **Roll Call Taken AYES 5, NOES 0**
14. **Committee Meetings/Reports:** President Emanuels requested that the Personnel

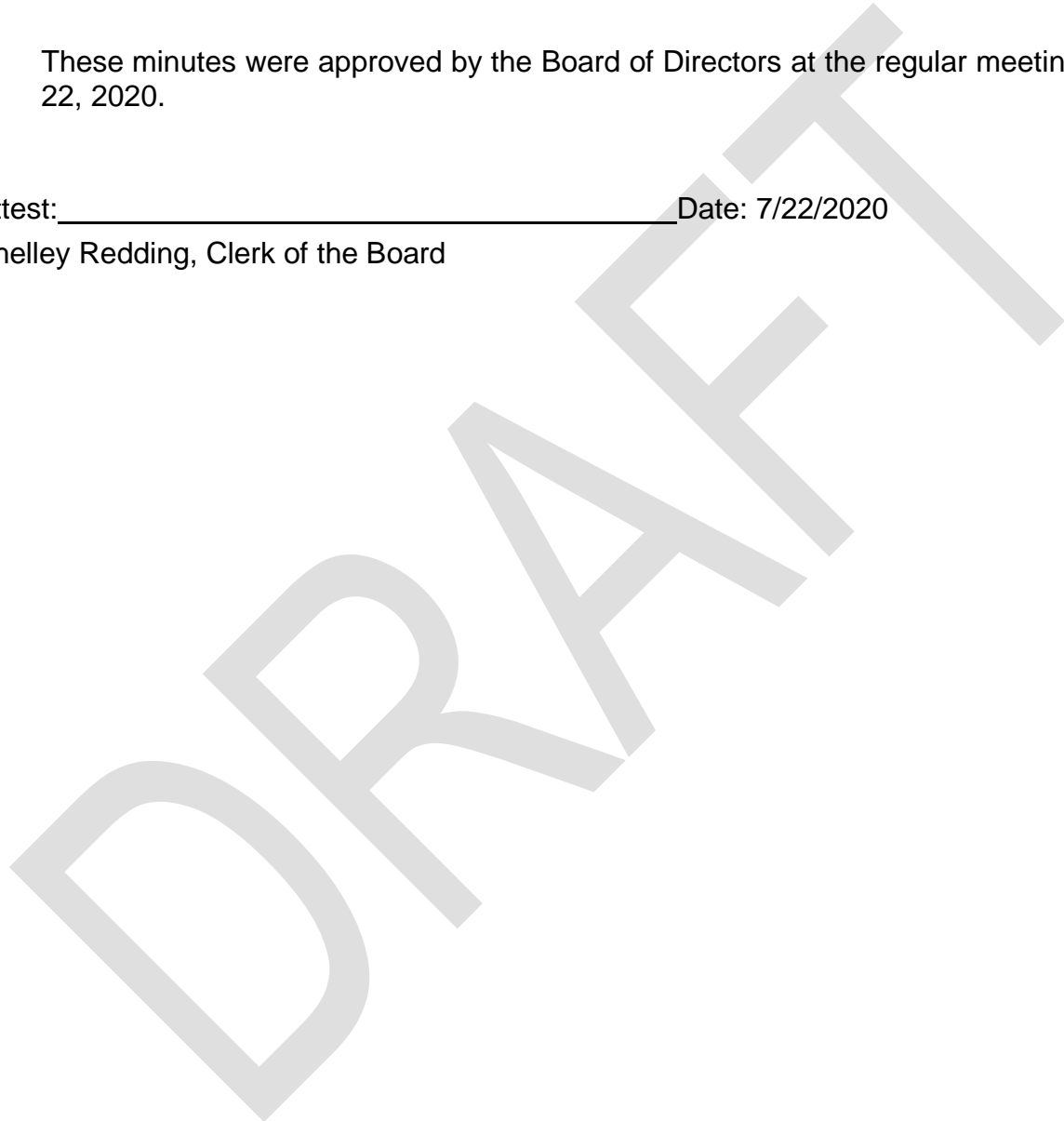
Committee conduct the annual performance review of Administrator Redding and have a recommendation to present to the Board at its next meeting. Administrator Redding requested a meeting with the Personnel Committee to discuss personnel staffing.

- 15. **Announcements, Next Meeting, Adjournment:** The next regular meeting is scheduled for July 22, 2020, at 9 a.m. via Teleconference/Video.

President Emanuels adjourned the meeting at 10:18 a.m.

These minutes were approved by the Board of Directors at the regular meeting on July 22, 2020.

Attest: _____ Date: 7/22/2020
Shelley Redding, Clerk of the Board





Inverness Public Utility District Board
Meeting July 22, 2020

Agenda Item No. 4

Management Report

Clerk S. Redding and J. Fox

- June 2020 Financial Reports
- Status of Operating Budget for FY 2020/21
- Status of Tenney Tank Project
- MERA Status Update
- MWPA and IPUD Chipper Days
- Marin Special District Association

Inverness PUD
Profit & Loss by Fund
 July 2019 through June 2020

	DISTRICT	FIRE	WATER	TOTAL
Ordinary Income/Expense				
Income				
N 600 - Property Tax Income				
600-01 - Ad Valorem Property Taxes	560,888	0	0	560,888
600-02 - Special Fire Tax Assessment	0	76,025	0	76,025
600-03 - TOT Taxes	0	57,109	0	57,109
Total N 600 - Property Tax Income	560,888	133,134	0	694,023
N 700 - Water Charges				
700-01 - Basic Charges	0	0	373,467	373,467
700-02 - Usage Charges	0	0	118,445	118,445
700-03 - Cross Connection Fees	0	0	1,080	1,080
700-04 - Miscellaneous Charges	0	0	880	880
Total N 700 - Water Charges	0	0	493,871	493,871
N 710 - Misc. Income				
710-02 - Other Income	495	118	700	1,313
710-03 - WMES (Burton Funds)	0	7,490	0	7,490
710-04 - Merchandise Sales	0	3,144	0	3,144
710-05 - Chipper Day Income	0	2,910	0	2,910
710-06 - New Service Connection Fee	0	0	7,600	7,600
710-07 - Interest Income	21,823	0	0	21,823
N 710 - Misc. Income - Other	0	0	0	0
Total N 710 - Misc. Income	22,318	13,662	8,300	44,280
Total Income	583,207	146,797	502,171	1,232,174
Gross Profit	583,207	146,797	502,171	1,232,174
Expense				
Office & Administration				
1-870 - Billing & Collections	0	0	665	665
3-895 - Supplies & Postage	14	0	0	14
Total Office & Administration	14	0	665	679
Physical Operations				
Operator Training & Licensing				
1-867 - Operator Training, Licens	0	0	50	50
Total Operator Training & Licensing	0	0	50	50
Training & Public Education				
2850-04 - Drill Refreshments	0	0	-552	-552
Total Training & Public Education	0	0	-552	-552
Total Physical Operations	0	0	-502	-502
N 810 - Personnel Expenses				
810-01 - Management	101,250	66,439	36,434	204,123
810-02 - Operations Personnel	8,721	42,130	185,757	236,607
810-03 - Administrative Personnel	3,060	0	0	3,060
810-04 - Employer Payroll Taxes	9,951	8,947	18,827	37,725
810-05 - Volunteer Wages	0	2,775	0	2,775
810-06 - Duty Officer	0	4,950	0	4,950
810-07 - Health Insurance Premiums	32,280	35,301	33,444	101,026
810-08 - Retirement Premiums	15,022	23,003	23,999	62,024
810-09 - Unfunded Accrued Liability	31,043	3,003	7,904	41,950
810-11 - Workers Comp Insurance	580	10,744	8,033	19,357
Total N 810 - Personnel Expenses	201,907	197,291	314,398	713,597
N 830 - Dispatch & Communications				
830-01 - Radio/Pager Repair	0	1,054	0	1,054
830-02 - Commo Supplies	0	762	32	794
830-03 - MERA Operations	0	9,922	0	9,922
830-04 - MERA Bonds	0	11,978	0	11,978
830-05 - MERA New Financing	0	1,121	0	1,121
Total N 830 - Dispatch & Communications	0	24,837	32	24,869
N 833 - Collection & Treatment				
833-01 - Chemicals	0	0	6,004	6,004
Total N 833 - Collection & Treatment	0	0	6,004	6,004

Inverness PUD
Profit & Loss by Fund
July 2019 through June 2020

	DISTRICT	FIRE	WATER	TOTAL
N 835 · Lab & Monitoring				
835-01 · BacT & Raw Samples	0	0	3,578	3,578
835-02 · Periodic Samples	0	0	4,187	4,187
835-03 · Lead & Copper	0	0	161	161
Total N 835 · Lab & Monitoring	0	0	7,926	7,926
N 840 · Maintenance & Utilities				
840-01 · Equipment Maintenance	0	634	337	971
840-02 · Building Maintenance	50	4,001	309	4,360
840-03 · Grounds Maintenance	0	881	0	881
840-04 · Tank Maintenance	0	0	610	610
840-05 · Collection & Treatment Maint.	0	70	6,307	6,376
840-06 · Distribution System Maintenance	0	0	15,486	15,486
840-07 · Collection-Treatment Utilities	0	0	34,399	34,399
840-08 · Distribution System Utilities	0	0	4,036	4,036
840-09 · Firehouse Utilities	0	5,093	0	5,093
840-10 · SCADA Maintenance	0	0	1,780	1,780
Total N 840 · Maintenance & Utilities	50	10,678	63,264	73,992
N 843 · Fire Prevention				
843-01 · Chipper Day Expenses	0	1,665	0	1,665
Total N 843 · Fire Prevention	0	1,665	0	1,665
N 844 · Storage & Distribution				
844-01 · Telemetry	0	0	2,660	2,660
Total N 844 · Storage & Distribution	0	0	2,660	2,660
N 845 · Supplies & Inventory				
845-01 · Supplies and Inventory	1,932	3,734	9,589	15,254
845-02 · Personal Protective Equipment	190	1,262	398	1,851
845-03 · Resale Merchandise	0	2,341	0	2,341
Total N 845 · Supplies & Inventory	2,122	7,337	9,987	19,446
N 850 · Training				
850-01 · Volunteer Training	0	2,993	0	2,993
850-02 · Certification & Courses	220	250	600	1,070
850-03 · Volunteer Appreciation	22	3,690	0	3,712
Total N 850 · Training	242	6,933	600	7,775
N 860 · Vehicle Operations				
860-01 · Gas & Oil	0	4,292	4,286	8,579
860-02 · Repairs & Service	0	7,850	878	8,728
Total N 860 · Vehicle Operations	0	12,142	5,164	17,307
N 870 · Administration				
870-01 · Telephone, Internet, Cable	2,775	852	435	4,062
870-02 · Dues & Publications	3,990	258	1,239	5,487
870-03 · Insurance	0	12,532	11,445	23,977
870-04 · Financial Reporting/Audit	24,866	-3,733	-3,733	17,400
870-05 · Office Supplies, Postage, Fees	8,264	132	190	8,586
870-06 · Bank & Payroll Charges	9,541	0	837	10,378
870-07 · Legal Expenses and Attorneys	1,192	0	840	2,032
870-08 · Board & Election Expenses	330	0	0	330
870-09 · Travel & Meetings	1,569	137	0	1,706
870-10 · Public Relations & Outreach	2,800	1,185	2,276	6,261
870-11 · Office IT Support	5,700	0	0	5,700
870-12 · Billing & Collections	38	0	7,355	7,393
870-13 · Disaster Council	0	2,400	0	2,400
870-14 · Miscellaneous	819	100	1,827	2,746
870-15 · Other Agency Assessments	-2,750	378	6,406	4,033
Total N 870 · Administration	59,134	14,240	29,116	102,491
Total Expense	263,469	275,123	439,315	977,908
Net Ordinary Income	319,737	-128,327	62,855	254,266
Net Income	319,737	-128,327	62,855	254,266

5:00 PM

07/16/20

Accrual Basis

Inverness PUD
Profit & Loss Budget vs. Actual
July 2019 through June 2020

	<u>Jul '19 - Jun 20</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Ordinary Income/Expense			
Income			
N 600 · Property Tax Income	694,022.92	747,100.00	-53,077.08
N 700 · Water Charges	493,871.10	457,850.00	36,021.10
N 710 · Misc. Income	44,279.72	41,390.00	2,889.72
Total Income	<u>1,232,173.74</u>	<u>1,246,340.00</u>	<u>-14,166.26</u>
Gross Profit	1,232,173.74	1,246,340.00	-14,166.26
Expense			
N 810 · Personnel Expenses	713,596.50	727,798.00	-14,201.50
N 830 · Dispatch & Communications	24,868.65	25,141.00	-272.35
N 833 · Collection & Treatment	6,003.54	4,500.00	1,503.54
N 835 · Lab & Monitoring	7,926.40	9,968.00	-2,041.60
N 840 · Maintenance & Utilities	74,313.84	66,322.00	7,991.84
N 843 · Fire Prevention	1,665.00	7,000.00	-5,335.00
N 844 · Storage & Distribution	2,660.31	3,772.00	-1,111.69
N 845 · Supplies & Inventory	19,446.28	15,890.00	3,556.28
N 850 · Training	7,774.77	6,000.00	1,774.77
N 860 · Vehicle Operations	17,306.75	18,000.00	-693.25
N 870 · Administration	106,667.79	111,607.00	-4,939.21
Total Expense	<u>982,229.83</u>	<u>995,998.00</u>	<u>-13,768.17</u>
Net Ordinary Income	<u>249,943.91</u>	<u>250,342.00</u>	<u>-398.09</u>
Net Income	<u><u>249,943.91</u></u>	<u><u>250,342.00</u></u>	<u><u>-398.09</u></u>

Inverness PUD
Summary Balance Sheet
As of June 30, 2020

	<u>Jun 30, 20</u>
ASSETS	
Current Assets	
Checking/Savings	402,149.02
Accounts Receivable	114,720.75
Other Current Assets	1,145,605.23
Total Current Assets	<u>1,662,475.00</u>
Fixed Assets	1,547,338.72
Other Assets	600,519.91
TOTAL ASSETS	<u><u>3,810,333.63</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	73,058.84
Credit Cards	-339.36
Other Current Liabilities	1,012,569.38
Total Current Liabilities	<u>1,085,288.86</u>
Long Term Liabilities	116,081.00
Total Liabilities	<u>1,201,369.86</u>
Equity	<u>2,608,963.77</u>
TOTAL LIABILITIES & EQUITY	<u><u>3,810,333.63</u></u>



DRINKING WATER

INVERNESS PUBLIC UTILITY DISTRICT

AND

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD



CONSTRUCTION
INSTALLMENT SALE AGREEMENT

PROJECT NO. 2110001-001C
TENNEY TANK REPLACEMENT

AGREEMENT NO. SWRCB0000000000D1902046

PROJECT FUNDING AMOUNT: \$800,000.00
ESTIMATED REASONABLE PROJECT COST: \$800,000.00

ELIGIBLE WORK START DATE: SEPTEMBER 1, 2016
ELIGIBLE CONSTRUCTION START DATE: FEBRUARY 12, 2020
CONSTRUCTION COMPLETION DATE: APRIL 30, 2022
FINAL REIMBURSEMENT REQUEST DATE: OCTOBER 30, 2022
FINAL PAYMENT DATE: APRIL 30, 2052
RECORDS RETENTION END DATE: APRIL 30, 2058

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AGREEMENT

1. AUTHORITY.

- (a) The State Water Resources Control Board (State Water Board) is authorized, and implements its authority, to provide financial assistance under this Agreement pursuant to Section 116760 et seq. of the Health and Safety Code, and Resolution Nos. 2019-0032 and 2019-0065.
- (b) The Recipient is authorized to enter into this Installment Sale Agreement (Agreement) pursuant to Authorized Rep Resolution No. 252-2020.

2. INTENTION.

- (a) The Recipient desires to receive financial assistance for and undertake work required for the drinking water construction project (Project) according to the terms and conditions set forth in this Agreement.
- (b) The State Water Board proposes to assist in providing financial assistance for eligible costs of the Project in the amount set forth in Exhibit B, according to the terms and conditions set forth in this Agreement, with the expectation that the Recipient shall repay all of the financial assistance to the State Water Board.
- (c) The Recipient intends to evidence its obligation to submit Payments to the State Water Board and secure its obligation with Net Revenues of its water enterprise, as set forth in Exhibit B, according to the terms and conditions set forth in this Agreement.
- (d) The Recipient intends to certify and evidence its compliance with the Tax Covenants set forth in Exhibit F.

3. AGREEMENT, TERM, DOCUMENTS INCORPORATED BY REFERENCE.

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

- (a) The Recipient hereby sells to the State Water Board and the State Water Board hereby purchases from the Recipient the Project. Simultaneously therewith, the Recipient hereby purchases from the State Water Board, and the State Water Board hereby sells to the Recipient, the Project in accordance with the provisions of this Agreement. All right, title, and interest in the Project shall immediately vest in the Recipient on the date of execution and delivery of this Agreement by both parties without further action on the part of the Recipient or the State Water Board.
- (b) Subject to the satisfaction of any condition precedent to this Agreement, this Agreement shall become effective upon the signature of both the Recipient and the State Water Board. Conditions precedent are not limited to the following:
- i. The Recipient must deliver to the Division a resolution authorizing this Agreement.
 - ii. The Recipient must deliver an opinion of general counsel satisfactory to the State Water Board's counsel dated on or after the date that the Recipient signs this Agreement.
- (c) Upon execution, the term of the Agreement shall begin on the Eligible Work Start Date and extend through the Final Payment Date.
- (d) This Agreement includes the following exhibits and attachments thereto:

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

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

- i. the Final Plans & Specifications, dated April 2018, which are the basis for the construction contract to be awarded by the Recipient;
- ii. the Drinking Water System Permit No. 020497P2110001;
- iii. the Recipient’s Reimbursement Resolution dated September 25, 2019;
- iv. the Recipient’s Tax Questionnaire dated May 3, 2018;
- v. the Davis-Bacon requirements found at:
https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/davisbac on/2019_dwsrf_governmental_entities.pdf;

4. PARTY CONTACTS

State Water Board		Inverness Public Utility District	
Section:	Division of Financial Assistance		
Name:	John Paul Blanco, Project Manager	Name:	Shelley Redding, Administrator
Address:	1001 I Street, 16 th Floor	Address:	PO Box 469
City, State, Zip:	Sacramento, CA 95814	City, State, Zip:	Inverness, CA 94937
Phone:	(916) 445-2495	Phone:	(415) 669-1414
Fax:		Fax:	
Email:	JohnPaul.Blanco@waterboards.ca.gov	Email:	Shelley.Redding@invernesspud.org

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

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

5. DEFINITIONS.

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

“Additional Payments” means the reasonable extraordinary fees and expenses of the State Water Board, and of any assignee of the State Water Board’s right, title, and interest in and to this Agreement, in connection with this Agreement, including all expenses and fees of accountants, trustees, staff, contractors, consultants, costs, insurance premiums and all other extraordinary costs reasonably incurred by the State Water Board or assignee of the State Water Board.

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

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

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

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

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

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

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

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

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

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

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

"Days" means calendar days unless otherwise expressly indicated.

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

- a. Principal payments (unless a different subdivision of this definition applies for purposes of determining principal maturities or amortization) are made in accordance with any amortization schedule published for such principal, including any minimum sinking fund payments;
- b. Interest on a variable rate System Obligation that is not subject to a swap agreement and that is issued or will be issued as a tax-exempt obligation under federal law, is the average of the SIFMA Municipal Swap Index, or its successor index, during the 24 months preceding the date of such calculation;
- c. Interest on a variable rate System Obligation that is not subject to a swap agreement and that is issued or will be issued as a taxable obligation under federal law, is the average of LIBOR, or its successor index, during the 24 months preceding the date of such calculation;

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

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

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

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

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

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

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

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

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

- a) Failure by the Recipient to make any payment required to be paid pursuant to this Agreement, including Payments;
- b) A representation or warranty made by or on behalf of the Recipient in this Agreement or in any document furnished by or on behalf of the Recipient to the State Water Board pursuant to this Agreement shall prove to have been inaccurate, misleading or incomplete in any material respect;
- c) A material adverse change in the condition of the Recipient, the Revenues, or the System, which the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement.
- d) Failure by the Recipient to comply with the additional debt test or reserve fund requirement, if any, in Exhibit B or Exhibit D of this Agreement;
- e) Failure to operate the System or the Project without the Division's approval;
- f) Failure by the Recipient to observe and perform any covenant, condition, or provision in this Agreement, which failure shall continue for a period of time, to be determined by the Division;

- g) The occurrence of a material breach or event of default under any System Obligation that results in the acceleration of principal or interest or otherwise requires immediate prepayment, repurchase or redemption;
- h) Initiation of proceedings seeking arrangement, reorganization, or any other relief under any applicable bankruptcy, insolvency, or other similar law; the appointment of or taking possession of the Recipient's property by a receiver, liquidator, assignee, trustee, custodian, conservator, or similar official; the Recipient's entering into a general assignment for the benefit of creditors; the initiation of resolutions or proceedings to terminate the Recipient's existence, or any action in furtherance of any of the foregoing;
- i) A determination pursuant to Gov. Code section 11137 that the Recipient has violated any provision in Article 9.5 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code;
- j) Loss of the Recipient's rights, licenses, permits, or privileges necessary for the operation of the System or the Project, or the occurrence of any material restraint on the Recipient's enterprise by a government agency or court order; or

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

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

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

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

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

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

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

"Material Obligation" means an obligation of the Recipient that is material to this transaction other than a System Obligation.

"Maximum Annual Debt Service" means the maximum amount of Debt Service due on System 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 any System Obligations will become due.

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

"Obligation" means the obligation of the Recipient to make Payments (including Additional Payments) as provided herein, as evidenced by the execution of this Agreement, proceeds of such obligations being

used to fund the Project as specified in the Project Description in Exhibit A and Exhibit B and in the documents thereby incorporated by reference.

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

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

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

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

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

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

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

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

"Recipient" means Inverness Public Utility District.

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

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

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

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

"Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the Recipient from the ownership or operation of the System, determined in accordance with GAAP, including all rates, fees, and charges (including connection fees and charges) as received by the Recipient for the services of the System, and all other income and revenue howsoever derived by the Recipient from the

ownership or operation of the System or arising from the System, including all income from the deposit or investment of any money in the Enterprise Fund or any rate stabilization fund of the Recipient or held on the Recipient's behalf, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.

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

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

"SRF" means the Drinking Water State Revolving Fund.

"State" means State of California.

"State Water Board" means the State Water Resources Control Board.

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

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

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

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

"Year" means calendar year unless otherwise expressly indicated.

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

INVERNESS PUBLIC UTILITY DISTRICT:

By: _____
Name: Shelley Redding
Title: Administrator

Date: _____

STATE WATER RESOURCES CONTROL BOARD:

By: _____
Name: Leslie Laudon
Title: Deputy Director
Division of Financial Assistance

Date: _____

EXHIBIT A – SCOPE OF WORK

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

- (a) The Project is the project set forth on the Cover Page of this Agreement.
- (b) The Useful Life of this Project is at least 50 years.
- (c) Scope of Work.

The Recipient will install two bolted steel tanks with the capacity of 45,000 gallons and 53,000 gallons.

A.2. STANDARD PROJECT REQUIREMENTS.

A.2.1 Acknowledgements.

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

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

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

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

A.2.2 Reports

A.2.2.1 Progress Reports.

- (a) The Recipient must provide a progress report to the Division each quarter, beginning no later than 90 days after execution of this Agreement.
- (b) The Recipient must provide a progress report with each disbursement request. Failure to provide a complete and accurate progress report may result in the withholding of Project Funds, as set forth in Exhibit B.
- (c) A progress report must contain the following information:
 - i. A summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, and percent schedule elapsed;
 - ii. A description of compliance with environmental requirements;
 - iii. A listing of change orders including amount, description of work, and change in contract amount and schedule; and
 - iv. Any problems encountered, proposed resolution, schedule for resolution, and status of previous problem resolutions.

A.2.2.2 Project Completion Report.

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

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

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

A.2.2.3 As Needed Reports.

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

A.2.2.4 DBE Reports for SRF Projects.

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

A.2.3 Signage.

The Grantee shall place a sign in a prominent location at Project site (if applicable) or at the Grantee's headquarters and shall include the following color logos:



(logos available from the Project Manager), and the following disclosure statement:

"Funding for this Tenney Tank Replacement project has been provided in full or in part by the Drinking Water State Revolving Fund through an agreement with the State Water Resources Control Board. California's Drinking Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds."

The Project sign may include another agency's required promotional information so long as the above logos and disclosure statement are equally prominent on the sign. The sign shall be prepared in a professional manner. Additionally, the required contents of the sign (logo and disclosure statement) shall be posted on the Grantee's website or any of the Grantee's web page(s) associated with the Project.

A.2.4 Commencement of Operations.

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

A.3 DATES & DELIVERABLES.

- (a) Time is of the essence.
- (b) The Recipient must expeditiously proceed with and complete construction of the Project.
- (c) The following dates are established as on the Cover Page of this Agreement:
 - i. Eligible Work Start Date
 - ii. Eligible Construction Start Date
 - iii. Completion of Construction Date
 - iv. Final Disbursement Request Date
 - v. Records Retention End Date
 - vi. Final Payment Date
- (d) The Recipient must award the prime construction contract timely.
- (e) The Recipient agrees to start construction no later than December 1, 2020.
- (f) The Recipient must deliver any request for extension of the Completion of Construction date no less than 90 days prior to the Completion of Construction date.
- (g) The undisbursed balance of this Agreement will be deobligated if the Recipient does not provide its final Disbursement Request to the Division on or before the Final Disbursement Request Date, unless prior approval has been granted by the Division.

EXHIBIT B – FUNDING TERMS

B.1. FUNDING AMOUNTS AND DISBURSEMENTS

B.1.1 Funding Contingency and Other Sources.

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

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

B.1.2 Estimated Reasonable Cost.

The estimated reasonable cost of the total Project is eight hundred thousand dollars and no cents (\$800,000.00).

B.1.3 Project Funding Amount.

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

B.1.4 Reserved.

B. 1.5 Budget Costs.

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

LINE ITEM	TOTAL ESTIMATED COST	PROJECT FUNDING AMOUNT
Construction	\$610,000	\$610,000
Pre-Purchased Material/Equipment	\$0	\$0
Purchase of Land	\$0	\$0
Contingency	\$98,000	\$98,000
Allowances (Soft Costs)	\$92,000	\$92,000
TOTAL	\$800,000	\$800,000

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

Upon written request by the Recipient, the Division may adjust the line items of the Summary Project Cost Table at the time of Division’s Final Budget Approval. Upon written request by the Recipient, the Division may also adjust the line items of the Summary Project Cost Table as well as the detailed budget at the time of Recipient’s submittal of its final claim. Any line item adjustments to the Summary Project Cost Table that are due to a change in scope of work will require an Agreement amendment. The sum of

adjusted line items in both the Summary Project Cost Table and the detailed budget must not exceed the Project Funding Amount. The Division may also propose budget adjustments.

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

B.1.6 Contingent Disbursement.

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

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

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

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

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

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

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

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

B.1.7 Disbursement Procedure.

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

1. Upon execution and delivery of this Agreement by both parties, the Recipient may request immediate disbursement of any eligible incurred planning and design allowance costs as specified below from the Project Funds through submission to the State Water Board of the Disbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed.
2. The Recipient must submit a disbursement request for costs incurred prior to the date this Agreement is executed by the State Water Board no later than ninety (90) days after

this Agreement is executed by the State Water Board. Late disbursement requests may not be honored.

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

B.1.8 Withholding of Disbursements.

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

- (a) The Recipient's failure to maintain reasonable progress on the Project as determined by the Division;
- (b) Placement on the ballot or passage of an initiative or referendum to repeal or reduce the Recipient's taxes, assessments, fees, or charges levied for operation of the System or payment of debt service on System Obligations;
- (c) Commencement of litigation or a judicial or administrative proceeding related to the Project, System, or Revenues that the State Water Board determines may impair the timely satisfaction of Recipient's obligations under this Agreement;

- (d) Any investigation by the District Attorney, California State Auditor, Bureau of State Audits, United States Environmental Protection Agency's Office of Inspector General, the Internal Revenue Service, Securities and Exchange Commission, a grand jury, or any other state or federal agency, relating to the Recipient's financial management, accounting procedures, or internal fiscal controls;
- (e) A material adverse change in the condition of the Recipient, the Revenues, or the System, that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement, or any other event that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement;
- (f) The Recipient's material violation of, or threat to materially violate, any term of this Agreement;
- (g) Suspicion of fraud, forgery, embezzlement, theft, or any other misuse of public funds by the Recipient or its employees, or by its contractors or agents regarding the Project or the System;
- (h) An event requiring Notice as set forth in Exhibit C;
- (i) An Event of Default or an event that the Division determines may become an Event of Default.

B.1.9 Fraud and Misuse of Public Funds.

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

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

B.2.1 Project Costs.

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

B.2.2 Estimated Principal Payment Due.

The estimated amount of principal that will be due to the State Water Board from the Recipient under this Agreement is eight hundred thousand dollars and no cents (\$800,000.00).

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

(a) The Recipient agrees to make all Payments according to the schedule in Exhibit E, and as otherwise set forth herein, at an interest rate of one point four percent (1.4%) per annum.

(b) Interest will accrue beginning with each disbursement.

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

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

B.2.4 Reserved.

B.2.5 Obligation Absolute.

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

B.2.6 Payment Timing.

(a) The Recipient must pay interest annually, by April 30 of each year, until one year after Completion of Construction. Beginning no later than one year after Completion of Construction, the Recipient must make annual Payment of the principal of the Project Funds, together with all interest accruing thereon by April 30. The Recipient must make Payments fully amortizing the total principal of the Project by the Final Payment Date. Payments are based on a standard fully amortized assistance amount with equal annual payments.

(b) The remaining balance is the previous balance, plus the disbursements, plus the accrued interest on both, plus any Charge In Lieu of Interest, less the Payment. Payment calculations will be made beginning one (1) year after Completion of Construction. Exhibit E is a payment schedule based on the provisions of this Exhibit and an estimated disbursement schedule. Actual payments will be based on actual disbursements.

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

(d) The Recipient is obligated to make all payments required by this Agreement to the State Water Board, notwithstanding any individual default by its constituents or others in the payment to the Recipient of fees, charges, taxes, assessments, tolls or other charges ("Charges") levied or imposed by the Recipient. The Recipient must provide for the punctual payment to the State Water Board of all amounts which become

due under this Agreement and which are received from constituents or others in the payment to the Recipient. In the event of failure, neglect or refusal of any officer of the Recipient to levy or cause to be levied any Charge to provide payment by the Recipient under this Agreement, to enforce or to collect such Charge, or to pay over to the State Water Board any money collected on account of such Charge necessary to satisfy any amount due under this Agreement, the State Water Board may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the imposition or levying and collection of any of such Charges and the payment of the money collected therefrom to the State Water Board. Action taken pursuant hereto shall not deprive the State Water Board of, or limit the application of, any other remedy provided by law or by this Agreement.

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

B.2.7 Pledged Revenues.

B.2.7.1 Establishment of Enterprise Fund and Reserve Fund.

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

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

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

B.2.7.3 Application and Purpose of the Enterprise Fund.

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

B.2.8 No Prepayment.

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

B.2.9 Reserve Fund.

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

as security for this Obligation, and its use is restricted to payment of this Obligation during the term of this Agreement.

B.3 RATES, FEES AND CHARGES.

(a) The Recipient must, to the extent permitted by law, fix, prescribe and collect rates, fees and charges for the System during each Fiscal Year which are reasonable, fair, and nondiscriminatory and which will be sufficient to generate Revenues in the amounts necessary to cover Operations and Maintenance Costs, and must ensure that Net Revenues are equal to the sum of (i) at least 120% of the Maximum Annual Debt Service with respect to all outstanding System Obligations senior to and on parity with the Obligation and (ii) at least 100% of the Maximum Annual Debt Service with respect to all outstanding System Obligations subordinate to the Obligation, so long as System Obligations other than this Obligation are outstanding. Upon defeasance of all System Obligations other than this Obligation, this ratio must be at least 120%, except where System Obligations are defeased pursuant to refunding obligations.

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

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

B.4 ADDITIONAL DEBT.

(a) The Recipient's future debt that is secured by Revenues pledged herein may not be senior to this Obligation, except where the new senior obligation refunds or refinances a senior obligation with the same lien position as the existing senior obligation, the new senior obligation has the same or earlier repayment term as the refunded senior debt, the new senior debt service is the same or lower than the existing debt service, and the new senior debt will not diminish the Recipient's ability to satisfy its SRF obligation(s).

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

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

B.5 NO LIENS.

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

EXHIBIT C – GENERAL & PROGRAMMATIC TERMS & CONDITIONS

C.1 REPRESENTATIONS & WARRANTIES.

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

C.1.1 Application and General Recipient Commitments.

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

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

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

C.1.2 Authorization and Validity.

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

C.1.3 No Violations.

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

C.1.4 No Litigation.

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

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

C.1.5 Property Rights and Water Rights.

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

The Recipient possesses all water rights necessary for this Project.

C.1.6 Solvency and Insurance.

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

C.1.7 Legal Status and Eligibility.

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

C.1.8 Financial Statements and Continuing Disclosure.

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

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

C.1.9 System Obligations

The Recipient has no System Obligations.

C.1.10 No Other Material Debt.

The Recipient has no Material Obligations.

C.1.11 Compliance with State Water Board Funding Agreements.

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

C.2 DEFAULTS AND REMEDIES

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

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

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

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

C.2.2 Reserved.

C.2.3 Judicial remedies.

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

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

Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the State Water Board under this Agreement, the State Water Board may make application for the appointment of a receiver or custodian of the Revenues, pending such proceeding, with such power as the court making such appointment may confer.

C.2.4 Termination.

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

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

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

C.2.6 Damages for Breach of Federal Conditions.

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

C.2.7 Remedies and Limitations.

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

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

C.2.8 Non-Waiver.

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

C.2.9 Status Quo.

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

C.3 STANDARD CONDITIONS

C.3.1 Access, Inspection, and Public Records.

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

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

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

(b) The Recipient must comply with federal standards for financial management systems. The Recipient agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit preparation of reports required by the federal government and tracking of Project funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal or state law or the terms of this Agreement. To the extent applicable, the Recipient is bound by, and must comply with, the provisions and requirements of the federal Single Audit Act of 1984 and 2 CFR Part 200, subpart F, and updates or revisions, thereto.

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

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

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

C.3.3 Amendment.

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

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

C.3.4 Assignability.

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

C.3.5 Audit.

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

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

C.3.6 Bonding.

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

C.3.7 Competitive Bidding

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

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

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

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

(b) Comply with the Policy; and

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

C.3.9 Computer Software.

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

C.3.10 Conflict of Interest.

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

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

The Recipient agrees that, except as provided in this Agreement, it will not abandon, substantially discontinue use of, lease, sell, transfer ownership of, or dispose of all or a significant part or portion of the Project during the Useful Life of the Project without prior written approval of the Division. Such approval may be conditioned as determined to be appropriate by the Division, including a condition requiring repayment of all disbursed Project Funds or all or any portion of all remaining funds covered by this Agreement together with accrued interest and any penalty assessments that may be due.

C.3.12 Data Management.

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

C.3.13 Disputes.

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

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

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

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

C.3.14 Reserved.

C.3.15 Environmental Clearance.

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

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

C.3.16 Governing Law.

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

C.3.17 Income Restrictions.

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

C.3.18 Indemnification and State Reviews.

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

C.3.19 Independent Actor.

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

C.3.20 Integration.

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

C.3.21 Leveraging Covenants.

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

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

C.3.22 No Discrimination.

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

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

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

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

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

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

(g) The Recipient, its contractors, and subcontractors must comply with the provisions of the Fair Employment and Housing Act and the applicable regulations promulgated thereunder. (Gov. Code, §12990, subds. (a)-(f) et seq.; Cal. Code Regs., tit. 2, § 7285 et seq.) Such regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full.

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

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

C.3.23 No Third Party Rights.

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

C.3.24 No Obligation of the State.

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

C.3.25 Notice.

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

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

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

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

C.3.26 Operation and Maintenance; Insurance.

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

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

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

Agreement, the Recipient must provide additional funds to restore or replace the damaged portions of the System.

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

C.3.27 Permits, Subcontracting, and Remedies.

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

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

http://www.waterboards.ca.gov/water_issues/programs/enforcement/fwa/dbp.shtml

C.3.28 Professionals.

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

C.3.29 Prevailing Wages.

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

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

C.3.30 Public Funding.

This Project is publicly funded. Any service provider or contractor with which the Recipient contracts must not have any role or relationship with the Recipient, that, in effect, substantially limits the Recipient's

ability to exercise its rights, including cancellation rights, under the contract, based on all the facts and circumstances.

C.3.31 Recipient's Responsibility for Work.

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

C.3.32 Related Litigation.

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

C.3.33 Rights in Data.

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

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

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

C.3.35 Timeliness.

Time is of the essence in this Agreement.

C.3.36 Unenforceable Provision.

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

C.3.37 Venue.

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

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

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

C.4 MISCELLANEOUS STATE AND FEDERAL REQUIREMENTS

C.4.1 Reserved.

C.4.2 State Cross-Cutters.

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

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

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

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

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

invention owned by the Recipient. The Recipient must utilize the Interagency Edison extramural invention reporting system at <http://Edison.gov> and shall notify the Division when an invention report, patent report, or utilization report is filed.

- xi. The Recipient agrees that any reports, documents, publications or other materials developed for public distribution supported by this Agreement shall contain the Disclosure statement set forth in Exhibit A.
- xii. The Recipient acknowledges that it is encouraged to follow guidelines established under Section 508 of the Rehabilitation Act, codified at 36 CFR Part 1194, with respect to enabling individuals with disabilities to participate in its programs supported by this Project.
- xiii. The Recipient, its employees, contractors and subcontractors and their employees warrants that it will not engage in severe forms of trafficking in persons, procure a commercial sex act during the term of this Agreement, or use forced labor in the performance of this Agreement. The Recipient must include this provision in its contracts and subcontracts under this Agreement. The Recipient must inform the State Water Board immediately of any information regarding a violation of the foregoing. The Recipient understands that failure to comply with this provision may subject the State Water Board to loss of federal funds. The Recipient agrees to compensate the State Water Board for any such funds lost due to its failure to comply with this condition, or the failure of its contractors or subcontractors to comply with this condition. The State Water Board may unilaterally terminate this Agreement if the Recipient that is a private entity is determined to have violated the foregoing.
- xiv. The Recipient certifies to the best of its knowledge and belief that:
 - a. No federal appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with this Agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions, and notify the State Water Board.

The Recipient shall require this certification from all parties to any contract or agreement that the Recipient enters into and under which the Recipient incurs costs for which it seeks disbursements under this Agreement.

- xv. The Recipient must comply with the following federal non-discrimination requirements:
 - a. Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP).
 - b. Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities.
 - c. The Age Discrimination Act of 1975, which prohibits age discrimination.
 - d. Section 13 of the Federal Water Pollution Control Act Amendments of 1972, which prohibits discrimination on the basis of sex.
 - e. 40 CFR Part 7, as it relates to the foregoing.

- xvi. If the Project relates to construction of a publicly owned treatment works, where the Recipient contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services, the Recipient shall ensure that any such contract is negotiated in the same manner as a contract for architectural and engineering services is negotiated under chapter 11 of title 40, United States Code, or an equivalent State qualifications-based requirement as determined by the State Water Board.
- xvii. If the Project relates to construction of a publicly owned treatment works, the Recipient certifies that it has developed and is implementing a fiscal sustainability plan for the Project that includes an inventory of critical assets that are a part of the Project, an evaluation of the condition and performance of inventoried assets or asset groupings, a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan, and a plan for maintaining, repairing, and, as necessary, replacing the Project and a plan for funding such activities.
- xviii. Executive Order No. 11246. The Recipient shall include in its contracts and subcontracts related to the Project the following provisions:

"During the performance of this contract, the contractor agrees as follows:"(a) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

"(b) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

"(c) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

"(d) The contractor will comply with all provisions of Executive Order No. 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

"(e) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

"(f) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for

further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of Sept 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

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

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

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

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

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

EXHIBIT D – SPECIAL CONDITIONS

Environmental:

1. The Recipient shall implement the following measures, identified in the letter dated December 11, 2018 from Ryan Olah of the United States Fish and Wildlife Service to Douglas Eberhardt of the United States Environmental Protection Agency, regarding consultation under Section 7 of the federal Endangered Species Act:
 - a. If possible, construction will be completed outside of the bird breeding season.
 - b. If construction occurs during the bird breeding season (February 15, to August 31), preconstruction surveys for nesting birds will be conducted within the Project footprint by a qualified biologist no more than one week before ground-disturbing activities. If no active nests are located, no further action is needed.
 - c. If active nests (i.e., nest with egg or live young) are found, an appropriate buffer zone will be established around the area to minimize disruption of breeding. The buffer zone will be determined by a qualified biologist and be based on the nest location, topography, cover, species tolerance to disturbance, and the type of proposed work. No work will occur within the buffer zone until the biologist has confirmed the young have fledged or the nest has failed. Typical buffer zones are 50 feet for passerines and 300 feet for raptors.
 - d. If work must occur within the buffer zone during the breeding season, a qualified biologist will monitor the nest to determine if the work activities are causing stress on the breeding pair to a degree that may result in abandonment of the active nest. If work is resulting in unnecessary stress to the breeding pair, work within the buffer zone will cease immediately.
2. The Recipient shall implement the following measures, identified by State Historic Preservation Officer Julianne Polanco of the Office of Historic Preservation, in the letter dated October 10, 2018, regarding consultation under Section 106 of the National Historic Preservation Act:
 - a. In the event of an inadvertent archaeological discovery, the Recipient shall notify the State Water Board, who shall in turn notify the Federated Indians of Graton Rancheria.

EXHIBIT E – PAYMENT SCHEDULE

See the attached preliminary Payment Schedule April 28, 2020. The final Payment Schedule will be forwarded to the Recipient after all disbursements have been paid and construction of the Project has been completed.

EXHIBIT F – TAX CERTIFICATE

F.1 Purpose.

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

F.2 Tax Covenant.

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

F.3 Governmental Unit.

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

F.4 Financing of a Capital Project.

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

F.5 Ownership and Operation of Project.

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

F.6 Temporary Period.

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

F.7 Working Capital.

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

F.8 Expenditure of Proceeds.

The Bond Funded Portion of the Project Funds shall be used exclusively for the following purposes: (i) Reimbursement Expenditures (as defined in Section F.20 below), (ii) Preliminary Expenditures (as defined in

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

F.9 Private Use and Private Payments.

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

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

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

F.11 No Disproportionate or Unrelated Use.

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

F.12 Management and Service Contracts.

The Recipient represents that, as of the date hereof, it is not a party to any contract, agreement or other arrangement with any persons or entities engaged in a trade or business (other than Governmental Units) that involve the management or operation of property or the provision of services at or with respect to the Project that does not comply with the standards of the Treasury Regulations, Revenue Procedure 97-13, as modified by Revenue Procedure 2001-39 and IRS Notice 2014-67, or Revenue Procedure 2017-13, as applicable. The

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

F.13 No Disposition of Financed Property.

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

F.14 Useful Life of Project.

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

F.15 Payments.

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

F.16 No Other Replacement Proceeds.

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

F.17 No Sinking or Pledged Fund.

Except as set forth in Section F.18 below, the Recipient will not create or establish any sinking fund or pledged fund which will be used to pay Payments on the Obligation within the meaning of Section 1.148-1(c) of the Treasury Regulations. If any sinking fund or pledged fund comes into being with respect to the Obligation before the Obligation has been fully retired which may be used to pay the Payments, the Recipient will invest such sinking fund and pledged fund moneys at a yield that does not exceed the yield on the Bonds.

F.18 Reserve Amount.

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

F.19 Reimbursement Resolution.

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

F.20 Reimbursement Expenditures.

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

F.21 Change in Use of the Project.

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

F.22 Rebate Obligations.

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

F.23 No Federal Guarantee.

The Recipient will not directly or indirectly use any of the Bond Funded Portion of the Project Funds in any manner that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code, taking into account various exceptions including any guarantee related to investments during an initial temporary period until needed for the governmental purpose of the Bonds, investments as part of a bona fide debt service fund, investments of a reasonably required reserve or replacement fund, investments in bonds issued by the United States Treasury, investments in refunding escrow funds or certain other investments permitted under the Treasury Regulations.

F.24 No Notices or Inquiries from IRS.

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

F.25 Amendments.

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

F.26 Reasonable Expectations.

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

F.27 Assignment.

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

California DWSRF Payment Schedule

Principal is paid over: **30 Years**

Project No. 2110001-001C - Inverness Public Utility District

Interest rate: **1.40000%**

Agreement: SWRCB0000000000D1902046 - based on Actual + Projected Disbursements

Tenney Tank Replacement

Ref Num	Due Date	Date Received	Principal Payment	Interest Rate%	Interest Payment	Total P and I Payment	Total Payment	Ending Balance	CPI Interest
1	4/30/2021		0.00	1.400	6,761.65	6,761.65	6,761.65	738,462.00	0.00
2	4/30/2022		0.00	1.400	11,164.59	11,164.59	11,164.59	800,000.00	0.00
3	4/30/2023		21,641.06	1.400	11,200.00	32,841.06	32,841.06	778,358.94	0.00
4	4/30/2024		21,944.03	1.400	10,897.03	32,841.06	32,841.06	756,414.91	0.00
5	4/30/2025		22,251.25	1.400	10,589.81	32,841.06	32,841.06	734,163.66	0.00
6	4/30/2026		22,562.77	1.400	10,278.29	32,841.06	32,841.06	711,600.89	0.00
7	4/30/2027		22,878.65	1.400	9,962.41	32,841.06	32,841.06	688,722.24	0.00
8	4/30/2028		23,198.95	1.400	9,642.11	32,841.06	32,841.06	665,523.29	0.00
9	4/30/2029		23,523.73	1.400	9,317.33	32,841.06	32,841.06	641,999.56	0.00
10	4/30/2030		23,853.07	1.400	8,987.99	32,841.06	32,841.06	618,146.49	0.00
11	4/30/2031		24,187.01	1.400	8,654.05	32,841.06	32,841.06	593,959.48	0.00
12	4/30/2032		24,525.63	1.400	8,315.43	32,841.06	32,841.06	569,433.85	0.00
13	4/30/2033		24,868.99	1.400	7,972.07	32,841.06	32,841.06	544,564.86	0.00
14	4/30/2034		25,217.15	1.400	7,623.91	32,841.06	32,841.06	519,347.71	0.00
15	4/30/2035		25,570.19	1.400	7,270.87	32,841.06	32,841.06	493,777.52	0.00
16	4/30/2036		25,928.17	1.400	6,912.89	32,841.06	32,841.06	467,849.35	0.00
17	4/30/2037		26,291.17	1.400	6,549.89	32,841.06	32,841.06	441,558.18	0.00
18	4/30/2038		26,659.25	1.400	6,181.81	32,841.06	32,841.06	414,898.93	0.00
19	4/30/2039		27,032.47	1.400	5,808.59	32,841.06	32,841.06	387,866.46	0.00
20	4/30/2040		27,410.93	1.400	5,430.13	32,841.06	32,841.06	360,455.53	0.00
21	4/30/2041		27,794.68	1.400	5,046.38	32,841.06	32,841.06	332,660.85	0.00
22	4/30/2042		28,183.81	1.400	4,657.25	32,841.06	32,841.06	304,477.04	0.00
23	4/30/2043		28,578.38	1.400	4,262.68	32,841.06	32,841.06	275,898.66	0.00
24	4/30/2044		28,978.48	1.400	3,862.58	32,841.06	32,841.06	246,920.18	0.00
25	4/30/2045		29,384.18	1.400	3,456.88	32,841.06	32,841.06	217,536.00	0.00
26	4/30/2046		29,795.56	1.400	3,045.50	32,841.06	32,841.06	187,740.44	0.00
27	4/30/2047		30,212.69	1.400	2,628.37	32,841.06	32,841.06	157,527.75	0.00
28	4/30/2048		30,635.67	1.400	2,205.39	32,841.06	32,841.06	126,892.08	0.00
29	4/30/2049		31,064.57	1.400	1,776.49	32,841.06	32,841.06	95,827.51	0.00
30	4/30/2050		31,499.47	1.400	1,341.59	32,841.06	32,841.06	64,328.04	0.00
31	4/30/2051		31,940.47	1.400	900.59	32,841.06	32,841.06	32,387.57	0.00
32	4/30/2052		32,387.57	1.400	453.43	32,841.00	32,841.00	0.00	0.00
			800,000.00		203,157.98	1,003,157.98	1,003,157.98		0.00



NEXT GENERATION PROJECT **June 2020 Governing Board UPDATE:**

- **Next Gen Project Transition from County to MERA**

Since the beginning of the Next Gen Project, implementation was the responsibility of the County of Marin as part of a contract with MERA. At the County's request, that contract is ending on 06/30/20 and implementation will be directly managed by MERA. This transition has required a number of actions, including:

- a. Assumption of the Federal Engineering contract. (GB 05/13/20)
- b. Reorganization of MERA's Organizational Chart to place AECOM, Federal Engineering, and the Implementation Coordinator under the Deputy Executive Officer. (GB 06/10/20)
- c. Approval of a contract with AECOM to replace County staff. (GB 06/10/20)
- d. Assumption of the Motorola contract. (GB 06/10/20)
- e. Development of a proposed amendment to our agreement with Regional Government Services to add a Next Generation Project Implementation Coordinator. (GB 06/24/20)

- **CDR Review**

MERA contracted with AECOM to conduct a third-party review of the Customer Design Review (CDR) process to mitigate the likelihood of future Contract Change Orders and schedule delays. The combined CDR documents total over 1,000 pages. The AECOM report identified several items requiring further discussion with Motorola and that resolution process has begun.

- **AFG Grant**

Marin County Fire agencies received a federal Assistance to Firefighters Grant that will allow us to upgrade all fire agency radios to Tri-Band radios at no additional cost to MERA. This will allow each fire radio to talk on our new 700/800 MHz system, as well the existing UHF-T Band system and the VHF-Hi band system used throughout the state on fire mutual aid events. The grant purchase of portable radio chargers will result in a savings to MERA per Deputy Chief Brown.

**Our MERA team relies on the input and participation of all our 25 member agencies!
Please be sure to share the above Project update with others at your agency.**

Questions? Contact Deputy Executive Officer for the Next Gen System David Jeffries at
dave@jeffriespsc.com

MARIN EMERGENCY RADIO AUTHORITY

c/o Town of Corte Madera
300 Tamalpais Drive
Corte Madera, CA 94925
Phone: 415.927.5050

WWW.MERAONLINE.ORG



California Special Districts Association
Districts Stronger Together

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[LOGIN](#)

Marin County Special Districts Association



The Marin County Special Districts Association (MCSDA) was first established in 2003, but after a few years it became dormant. In 2019 a group of special districts and CSDA met to re-establish the Chapter. Then, in April 2020 the Chapter voted to officially affiliate with CSDA and the CSDA Board of Directors approved affiliation on June 11, 2020.

Chapter Officers

President:

Heather Abrams
Tamalpais Community Services District
305 Bell Lane
Mill Valley, CA 94941
(415) 388-6393

Chapter Secretary:

Shelley Redding
Inverness Public Utility District
50 Inverness Way
Inverness, CA 94937
(415) 669-1414

Vice-President:

Bill Hansell
Alto Sanitary District
PO Box 163
Mill Valley, CA 94942
(415) 388-3696


At-Large Member:

Lew Kious
Almonte Sanitary District
PO Box 698

Affiliated Chapters

Connect with [CSDA Affiliated Chapters](#) throughout the state! Find a chapter near you.

- [Alameda County Special Districts Association](#)
- [Butte County Special Districts Association](#)
- [Association of San Bernardino County Special Districts](#)
- [Local Chapter of](#)

Chat-How Can We Help? 

Treasurer:

Craig Murray

Las Gallinas Valley Sanitary
District

300 Smith Ranch Road

San Rafael, CA 94903

(415) 472-1734

Mill Valley, CA 94942-0698

(415) 388-8775

CSDA Public Affairs Field**Coordinator:**

Colleen Haley

530-902-3932

colleenh@csda.net

CSDA

- Contra Costa Special Districts Association
- Gold Country Regional Chapter
- Humboldt Area Chapter
- Independent Special Districts of Orange County (ISDOC)
- Kern County Special Districts Association
- Marin County Special Districts Association
- Northeastern California Chapter of CSDA
- Plumas County Special Districts Association
- San Diego Chapter of the CSDA
- San Luis Obispo County Chapter of the CSDA
- San Mateo Chapter of the California Special Districts Association

Meeting Schedule

- July 7, 2020, 2:30-4:30 pm via Zoom

Zoom Meeting Details

<https://us02web.zoom.us/j/86717392190>

Meeting ID: 867 1739 2190, Password: 035912

- October 6, 2020, 2:30-4:30 pm
- December 15, 2020, 2:30-4:30 pm

To RSVP: If you wish to RSVP, have any questions or need further information, please contact Heather Abrams at (415) 388-6393.



Marin County Special Districts Association

Chapter Members

- Almonte Sanitary District
- Alto Sanitary District

- [Inverness Public Utility District](#)
- [Las Gallinas Valley Sanitary District](#)
- [Tamalpais Community Services District](#)

To Join: If you district is looking to join, please contact Shelly Redding at (415) 669-1414 and request a membership application. There are no dues required.

- [Santa Barbara County Chapter of the CSDA](#)
- [Santa Clara County Special Districts Association](#)
- [Solano County Special Districts Association](#)
- [Special Districts Association of Monterey County](#)
- [Special Districts Association of Riverside County](#)
- [Ventura County Special Districts Association](#)

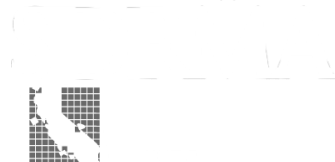


FIND IT FAST

1112 "I"
Street,
Suite 200
Sacramento
CA, 95814
877.924.2732

- SDLF
- Scholarships
- Register for an Event
- Career Center
- Membership Information
- Take Action
- Bill Tracking

CALIFORNIA SPECIAL DISTRICTS ALLIANCE



|
916.442.7887

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Base
Privacy Policy

SPECIAL DISTRICT LEADERSHIP FOUNDATION



DISTRICTS MAKE THE DIFFERENCE





Inverness Public Utility District Board
Meeting July 22, 2020

Agenda Item No. 5

Water System Report

- **June 2020 Water Production and System Reports**
- **June Billing Report**

Water Customer Accounts Receivable Totals, May/June 2020

1. The Accounts Receivable balance on May 1 consisted of:			
Current balances (bills sent out on April 27)	79,613.22		
Past-due balances	<u>7,273.94</u>		
Total Accounts Receivable balance on May 1, 2020:			<u>86,887.16</u>
2. During May/June, we received the following payments from our customers:			
Electronic payments:	50,943.50	(65.5%)	
Payments by check:	26,861.35	(34.5%)	
			Total payments received: - 77,804.85
3. During May/June, we posted the following charges to our customers' accounts:			
Write-offs:	--		
Adjustments:	--		
Basic charges (past):	121.00	(1 new customer Basic Charge for May/June)	
Basic charges (future):	75,080.50	(517 Basic charges billed for <u>Jul/Aug</u> *)	
X-C charges (future):	216.00	(18 Cross-Connection charges billed for <u>Jul/Aug</u>)	
Usage charges:	21,335.90	(Usage charges for 4/22 to 6/19†)	
Misc. charges:	275.00		
Refused payments:	406.20	(1 returned check; 2 refused AutoPay payments)	
Refunds:	42.32	(2 closed account credit balance refunds)	
			Total charges posted: + 97,476.92
4. Thus, the Accounts Receivable balance on June 30 (the end of the period) was			<u>106,559.23</u>

* Bimonthly Basic Charges (for July/August): 514 customers @ \$146.00; 1 Lifeline customer @ \$73.00; 3 Lifeline customers at \$36.50

† Total billed usage was \$25,624.80, less four credits totaling \$4,288.90 (for two prior-period leak adjustments and two prior-period meter read errors).

Reconciliation with BofA checking account:

There were no deposits in transit on 6/30/2020. Thus, the A/R balance on the District's books as of 6/30 should also be \$106,559.23.

Scheduled ACH receipts: \$44,168.70 on July 16, 2020 (from 243 customers).

A temporary security debit to IPUD's checking account in this amount will be made on or about July 14, 2020.

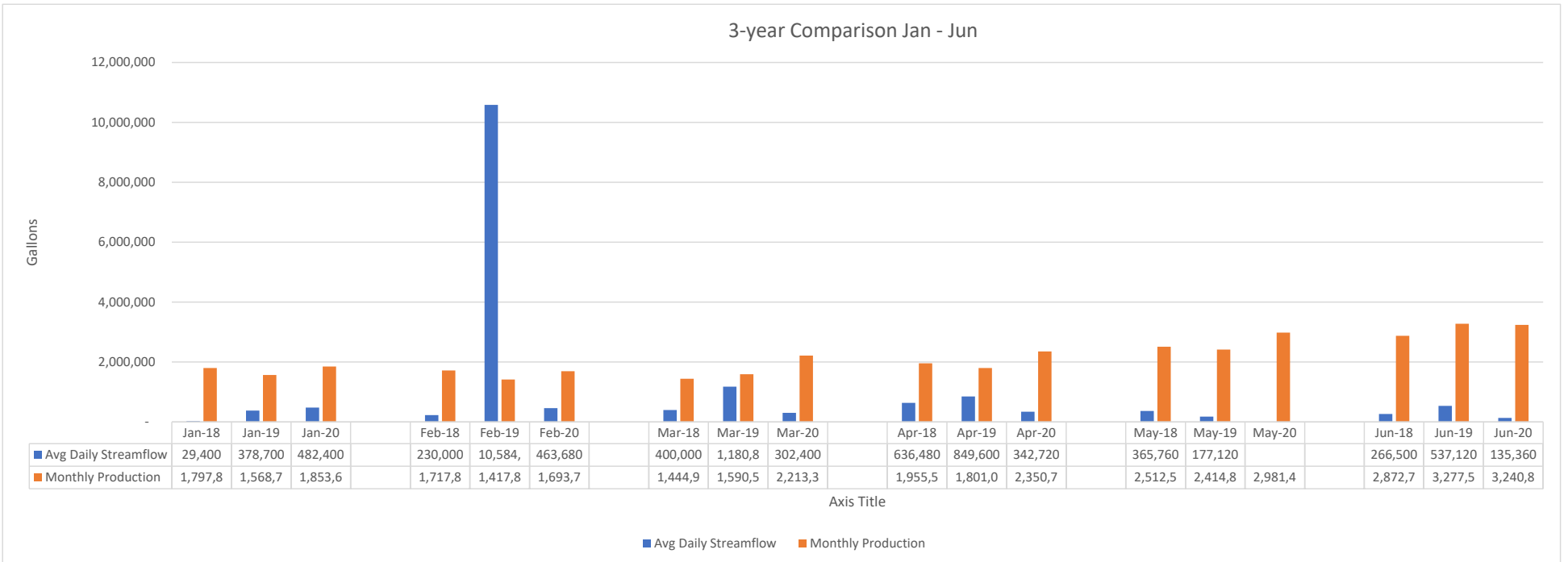
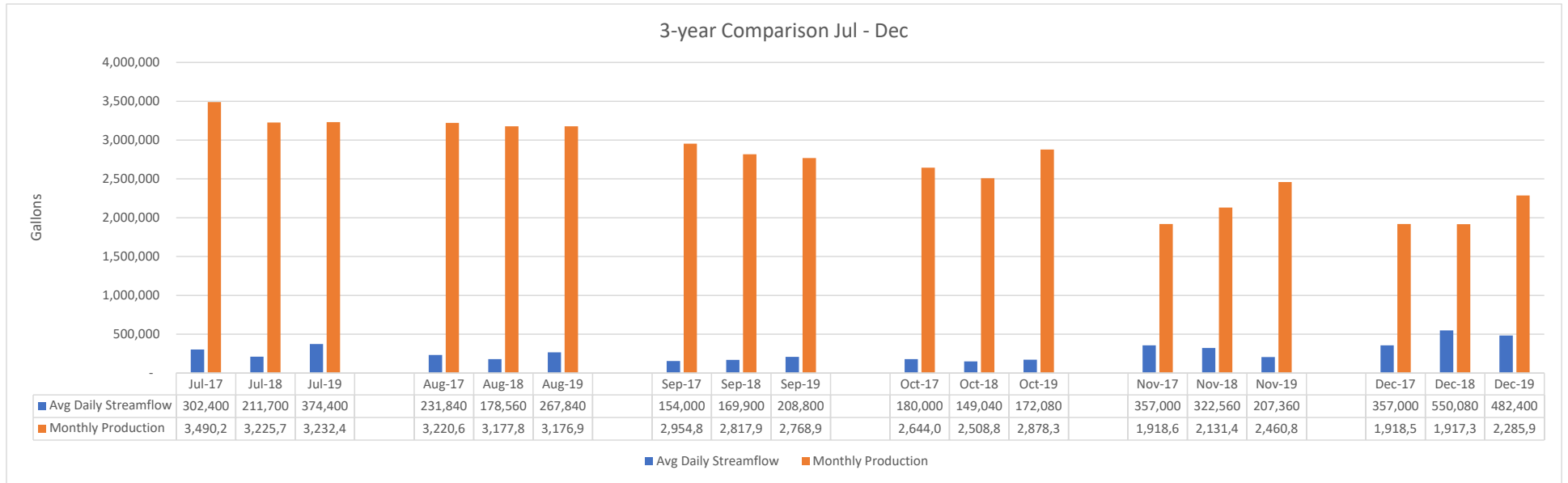
Report on Number of Discontinuations of Residential Service (pursuant to paragraph (g) of IPUD Water System Regulation 303 and in compliance with Chapter 6, "Discontinuation of Residential Water Service," of Part 12, Division 104, of the Health and Safety Code (HSC) of the State of California)

Period covered: May/June 2020

Number of residential services discontinued for inability to pay during the covered period: 0

Number of residential services discontinued for inability to pay during a previous period and still on discontinued status at the close of the covered period: 1

IPUD 3-year comparison
2018-2019
Avg Daily Streamflow Monthly Production





INVERNESS PUBLIC UTILITY DISTRICT

FIRE DEPARTMENT • WATER SYSTEM

POST OFFICE BOX 469

INVERNESS, CA 94937

(415) 669-1414 • FAX (415) 669-1010 • INFO@INVERNESSPUD.ORG

June – WATER SYSTEM REPORT – 2020

End of June Statistics	2020	Stream-flow est.	GPM	GPD
RAINFALL (@ F1)		D1	5	7,200
Monthly total (in inches)	0.01"	D2	17	24,480
Year 7/1//2019 -> 6/30//2020	23.10"	D3	14	20,160
Avg. yearly since 1925 (inches)	[37.72"]	D4	10	14,400
*end of May Streamflows	for comparison	D5	15	21,600
*Compare to (approx. gpd)	177,120	D6	16	23,040
Compare to (approx. gpm)	123	D7	14	20,160
PRODUCTION: +9% Monthly	3,240,800 gal	D8	3	4,320
Average gallons per Day	108,027 gal	TOTAL	94	135,360
Average Gallons per Minute	75.0 gpm	DISTRIBUTION (USE BY ZONE)		
SOURCES USED		Colby zone	1,190,800	36.7%
1 st Valley High Intakes (2)	35.1%	Tenney zone	1,256,100+	38.8%
2 nd Valley High Intakes (1)	19.4%	Conner zone	60,100	1.9%
3 rd Valley High Intakes (1)	17.9%	Stockstill zone	441,900	13.6%
1 st Valley lower intake Wells (W1 +W3)	13.7%	Lower SH zone	291,900	9.0%
2 nd Valley lower (L2 +W4)	4.0%			
	9.9 %			
TOTAL	100.0%			

*gpd = gallons per day; gpm = gallons per minute; ppm=parts per million

Water Quality

All sources ultra and nano filtered; chlorine and turbidity correct continuously; no positive coliform bacteria samples from distribution sample grabs. Samples of distribution water tested twice monthly and influent raw water are being collected once a month for lab analysis of coliform content. Average CL₂ dose at F1→ 0.52 parts per million (ppm); F3→ 0.65 ppm

Major Activities

- Monthly reports sent to CA RWQCB
- Regular Flushing of Via de la Vista/ Escondido main.
- Black Service saddle replaced
- Gate installed at D4; streamflows are continuing to drop
- Stockstill tank cathodic protection equipment inspected by contractor
- F3 compressor leak... repaired later in month and adjusted pressure down, replacement parts
- F3 Nano unit chemically cleaned (CIP). Test run Well 5 at F3
- L1 pumps beginning to fail after many years of service. Bought new replacement pumps
- Conner Tanks solar replaced faulty equipment
- Customer meters read: several customer leaks noted
- Ghialotti provisional contract for water from our hydrants terminated due to limited water supply
- Telemetry Tenney tank level phone line repaired and working properly
- Glitch in F1 break tank-level control still not resolved, waiting on PLC update to remedy
- Second valley lower intake in service
- Defensible space clearing and chipping at F1 continued
- F2, repaired broken raw supply line
- Replaced pre-filters on both Nano Units at F1
- Working with David Adams, re-established connection to m-Guard access to PLC in order to fix tank level-control glitch at F1

Kenneth Fox, T3, Senior Water Operator.



Inverness Public Utility District Board
Meeting July 22, 2020

Agenda Item No. 6

Fire Department Report

- **May 2020**
- **June 2020**

INVERNESS VOLUNTEER FIRE DEPARTMENT

P.O. Box 469, Inverness, CA 94937

**FIRE DEPARTMENT REPORT
May 2020**

INCIDENTS:

#	Date	
#20-048	05-01	Vegetation Fire @ 1055 Vision road. Power lines down. ¼ acre in heavy fuel.
#20-049	05-01	EMS @ 16484 SFD for LZ set up. Helicopter cancelled.
#20-050	05-05	EMS @ Inverness Store for LZ. Helicopter cancelled.
#20-051	05-09	Electrical Investigation @ Cameron for possible transformer issue. Nothing found.
#20-052	05-10	EMS @ Madrone for fall victim. M-94 release at scene.
#20-053	05-12	EMS @ Pierce Pt. Rd for LZ. Helicopter cancelled
#20-054	05-18	Tree blocking road @ 51 Inverness Way. Cleared.
#20-055	05-22	Fire Alarm @ 231 Keith. Accidental by workers.
#20-056	05-23	Possible Water Rescue @ 99 Duck Cove. No merit. Sailboat self rescued.
#20-057	05-29	EMS @ Inverness Way for chest pain. M-94 code 2 to MGH.
#20-058	05-31	EMS @ Vision Road for possible allergic reaction from stings. M-94 release at scene.

TRAININGS:

5/26 Drill: Meeting outside with distance to inventory fire fighting PPE.

ACTIVITIES AND MAINTENANCE:

1. Routine maintenance being performed. Tachometer on E-381 not working
2. Twice weekly conference calls with the Marin County EOC re: COVID issues.
3. Daily situation reports from HHS on COVID-19 are being distributed to disaster council members for distribution to all neighborhood contacts.
4. Work on MWPA plans.
5. Defensible space inspections.
6. WM Disaster Council tele meeting.

PERSONNEL: Mike Meszaros, Jim Fox, Ken Fox, Tom Fox, Burton Eubank, Brian Cassel, Jeff McBeth, Tim Olson, Dennis Holton, Brett Miller, Roy Pitts, David Briggs, John Roche, David Wright, Kai Heimpel, Tim Olson, Sabrina Meyerson, Alex Frankel

Jim Fox
Chief



Inverness Public Utility District
Board Meeting July 22, 2020

Agenda Item No. 7

Approval of Committed Fund for Trossach Road Repairs after Tenney Tank Project Completion



Inverness Public Utility District

Board Agenda Item Staff Report

Subject: Trossach Road Repair (Tenney Tank Project)
Meeting Date: July 22, 2020
Date Prepared: July 14, 2020
Prepared by: Shelley Redding, Administrator
Attachments:

Recommended Action: Approve establishment of a Committed Reserve Fund for Trossach Road Repair upon completion of Construction of Tenney Tank Project

Residents Tom and Sherry Baty requested consideration by the Board of Directors to commit funds for potential repairs needed because of the Tenney Tank Project. Their concerns are primarily related to the wear and tear of the roadway with large truck traffic anticipated at various times during the Tenney Tank construction project as well as a potential residential construction project that may commence around the same time could impact the condition of the roadway. Tom Baty requested an estimate for Trossach Way paving replacement as a benchmark amount for the request, which was estimated at \$80,000. Tom and Sherry Baty are not requesting a replacement of the roadway, but rather consideration to restore the road to the condition prior to the heavy use. Tom has also presented his request to the property owners of the residential project, and they have made a separate commitment to set aside funds meant to contribute to roadway restoration.

Water Superintendent Fox and Administrator Redding met with Tom and Sherry Baty to identify their specific concerns, take a tour of the roadway and the needed access area through their property to the tank site. It was agreed that an initial assessment of the roadway, prior to the commencement of the project will be documented, and at regular intervals, updates will be made to document the roadway condition.

In recent months, your Board has dealt with issues of reserved funds. In February, you adopted Resolutions 247-2020 and 250-2020. With these resolutions you conformed the District's reserved funds to the requirements of Statement No. 54 of the Government Accounting Standards Board (GASB), identified the District's reserved funds, and set parameters for determining the amounts of the operating reserves to be maintained for the District's operating entities and administrative section.

For purposes of this request, it is recommended to the Board that the District set aside a "Committed" Fund for the Trossach Roadway restoration in the amount of \$40,000.



Inverness Public Utility District
Board Meeting July 22, 2020

Agenda Item No. 8

CERBT Fund Disbursement/Investment



Board Agenda Item Staff Report

Subject: Retired Annuitant Health Insurance Premium Investment Strategy and Reimbursement from CERBT Fund

Meeting Date: July 22, 2020

Date Prepared: July 16, 2020

Prepared by Shelley Redding, Administrator

Attachments: June 30, 2019 CERBT Schedule of Changes in Fiduciary Net Position; California Employer's Retiree Benefit Trust Investment Reimbursement Request Form

Recommended Action: Provide Recommendation for CERBT Funding strategy and Disbursements

The California Employer's Retiree Benefit Trust (CERBT) Fund for the Inverness Public Utility District was established in January 2012 to address the long-term liabilities associated with the District's obligation to cover Health Care expenses for retirees of the District (OPEB).

Since 2012, the district had invested \$306,000 in the fund from 2012-2013. The fund has accrued interest less administrative fees to June 2019 of \$147,569. At the end of June 2019, the fund balance is \$453,569. The Inverness Public Utility District had a liability valuation at June 2018 of \$992,00 for OPEB, which means that the district is currently at a 50% funded status.

A decision needs to be made as to whether we should request a reimbursement for Health Insurance Premiums for last fiscal year and to decide on a funding strategy for the future to decrease our liability. For the Fiscal Year 2019-2020, the District paid \$38,885 for retiree health insurance premiums. See the table below:

FY1920 Retiree Health Insurance thru CalPERS

	2019			2020			Totals	
	District	Fire	Water	District	Fire	Water		
Holland	1,942.44			2,036.58			3,979.02	Kaiser Medicare Part B
Meszaros		1,942.44			2,036.58		3,979.02	Kaiser Medicare Part B
Gann	1,942.44			2,036.58			3,979.02	Kaiser Medicare Part B
McMorrow	13,513.80			13,434.42			26,948.22	PERS Choice + 3
Subtotal	17,398.68	1,942.44	-	17,507.58	2,036.58	-	38,885.28	

Option A: Request reimbursement for the premiums paid in FY 1920, (to be submitted prior to July 31, 2020). Which will reduce the CERBT fund and would increase cash flow to pay for the current fiscal year OPEB benefits.

Option B: Forgo the reimbursement request and begin monthly investments. With the goal of reaching a 75% funding status, the fund would need to increase by \$175,569 to meet the current liability. To reach that goal over 5 years, we could invest \$2,500 per month for the next 5 years.

Option C: Do both Option A and Option B.

It should also be noted that this analysis is subject to change due to interest rates and additional participation from future retirements. It is recommended that this be reviewed annually for adjustments.

**California Public Employees' Retirement System
California Employers' Retiree Benefit Trust
Schedule of Changes in Fiduciary Net Position by Employer
Year Ended June 30, 2019**

Employer Name	Housing Authority of the County of Santa Clara	Housing Authority of the County of Santa Cruz	Igo, Ono, Platina Union Elementary School District	Imperial Irrigation District	Indian Wells Valley Water District	Inland Empire Utilities Agency	Inverness Public Utility District
Additions							
Contributions:							
Employer contributions direct	\$ -	\$ 64,018	\$ -	\$ 23,300,000	\$ -	\$ 2,000,000	\$ -
Net investment and other income/expenses	929,536	33,119	1,107	7,717,830	61,862	1,015,006	29,773
Total Additions	929,536	97,137	1,107	31,017,830	61,862	3,015,006	29,773
Deductions							
OPEB reimbursements - direct	-	-	-	-	-	-	-
Administrative expenses	2,847	115	4	19,066	214	3,076	91
Employer withdrawal	-	-	-	-	-	-	-
Total Deductions	2,847	115	4	19,066	214	3,076	91
Net Increase (Decrease)	926,689	97,022	1,103	30,998,764	61,648	3,011,930	29,682
Net Position Restricted for OPEB Benefits							
Beginning of year	13,236,818	536,666	17,933	75,304,213	994,456	14,218,534	423,887
End of year	\$ 14,163,507	\$ 633,688	\$ 19,036	\$ 106,302,977	\$ 1,056,104	\$ 17,230,464	\$ 453,569

**California Public Employees' Retirement System
California Employers' Retiree Benefit Trust
Supplementary Schedule the Contributions and Reimbursements Outside the Trust
Year Ended June 30, 2019
(unaudited)**

Employer Name	Housing Authority of the County of Santa Clara	Housing Authority of the County of Santa Cruz	Igo, Ono, Platina Union Elementary School District	Imperial Irrigation District	Indian Wells Valley Water District	Inland Empire Utilities Agency	Inverness Public Utility District
Employer contributions outside of trust	\$ 548,036	\$ 38,982	\$ -	\$ 6,228,727	\$ 51,449	\$ 731,819	\$ 37,519
OPEB reimbursements outside of trust	548,036	38,982	-	6,228,727	51,449	731,819	37,519

(Continued)



California Public Employees' Retirement System
 CERBT / OPEB
 400 Q Street, Sacramento, CA 95811
 www.calpers.ca.gov

California Employer's Retiree Benefit Trust Disbursement Request

To request a disbursement from your California Employers' Retiree Benefit Trust (CERBT) employer account, please complete this form (see page 3 for instructions).

Employer Information	
Employer Name	
CERBT Account Number	
Street Address 1	
Street Address 2	
City/State/Zip Code	

Disbursement Request Information		
OPEB Provider	OPEB Cost Paid	Payment Period
Total CERBT Disbursement Requested		XXXXXXXXXXXXXXXXXXXX

Employer understands disbursements from the Prefunding Plan are governed by the terms of the *Agreement and Election to Prefund Other Post-Employment Benefits (Agreement)*. Authority to request disbursements has been delegated by the governing board of the agency to the undersigned.

The undersigned is/are authorized to request disbursements, under the terms of the *Agreement* from the CERBT. The undersigned certifies the payment information provided above is accurate, and reimbursement requested is for other post-employment benefit costs paid by the employer. **For amounts of then thousand dollars (\$10,000) or more, signatures of two authorized employer representatives are required.** Reimbursement for expenses related to periods prior to July 1 can only be made if a properly executed disbursement request is received by CalPERS on or before July 31. After July 31, reimbursements can only be made for current fiscal year expenses (incurred on or after July 1) regardless of the employer's fiscal year end date.

Authorized Employer Representative Printed Name: _____

Signature: _____ Title: _____ Date: _____

Telephone Number: _____ Email Address: _____

Authorized Employer Representative Printed Name: _____

Signature: _____ Title: _____ Date: _____

Telephone Number: _____ Email Address: _____

Mail Completed CERBT Disbursement Request to the following address:

CalPERS
CERBT/OPEB
PO Box 1494
Sacramento, CA 95812-1494

In addition, please email an electronic copy of this form to CERBT4U@calpers.ca.gov to ensure timely processing of your disbursement.

For CERBT Use Only	
Received by CERBT	CERBT Contract Effective Date
Confirmed Authorized Employer Representative	OPEB Retiree Cost Amounts Reviewed
CalPERS Approved By	Approval Date
For FINO Use Only	
FINO Approved By	FINO Approval Date
Claim Schedule Number	Claim Schedule Date

Instructions

1. Enter the name of the employer and its business address.
2. Report the name of the payee (service provider or other) to which payments for other post-employment benefits (OPEB) were made by the employer. Record the total OPEB payments made to the OPEB Provider (see example below). Trust disbursements can be made only for OPEB costs in accordance with the terms of the *Agreement and Election to Pre-Fund Other Post-Employment Benefits Through CalPERS* (Agreement). The payment period cannot pre-date the effective date of the Agreement.

Disbursement Request Information		
OPEB Provider	OPEB Cost Paid	Payment Period
Blue Shield	\$151,368	July 2011 – June 2012
Delta Dental	\$27,842	Jan 2012 – June 2012
Total CERBT Disbursement Requested	\$179,210	XXXXXXXXXXXXXXXXXXXX

3. The form must be signed by incumbents of positions authorized to request CERBT disbursements. These positions are named in the *Delegation to Request Disbursements* on file with CalPERS. For amounts of ten thousand (\$10,000) or more, two signatures are required.
4. Disbursements will be made payable to the employer and sent to the employer’s business address on record with CalPERS, attention of an authorized employer representative who signed this Disbursement Request. Disbursement requests that satisfy the Agreement and are received on or after the 1st of the month will be processed the following month.
5. Disbursements related to the prior fiscal year (July through June) must be presented to CalPERS by July 31 of each year and will be accrued if the disbursement request is received before July 31. After July 31, no reimbursements can be made for periods before July of the current fiscal year.
6. Disbursements for Implicit Subsidy amounts must be supported by an actuarial valuation (or AMM report) or addendum certified by your actuary showing the calculated implied subsidy amount for the period.



Inverness Public Utility District
Board Meeting July 22, 2020

Agenda Item No. 9

June 2020 Expenditures and Credit Card Charges

1:52 PM

07/16/20

Accrual Basis

Inverness PUD
Monthly Expense Ledger Report
June 2020

Date	Num	Name	Memo	Amount
Jun 20				
06/03/2020	EFT	Bank of America	May 2020 Analysis Charge	-693.04
06/05/2020	13738	Building Supply Center	Supplies	-464.52
06/05/2020	13739	Hi-Tech E V S Inc./Crimson Fire	Gasket Valve Body	-22.88
06/05/2020	13740	Horizon Cable TV Inc.	005-003907	-90.79
06/05/2020	13741	John's Dairy Equipment & Supply, Inc.	Liquid Chlorine	-93.12
06/05/2020	13742	John Roche Services	May 5 - 14 Invoice D4	-1,775.00
06/05/2020	13743	Marin County Central Collections	April 2020 Fuel Charges	-635.10
06/05/2020	13744	McMaster-Carr	Acct 273032600 - PO# 0528JFox	-137.19
06/05/2020	13745	Quill Corporation	Account # 645751	-44.37
06/05/2020	13746	R.J. Ricciardi, Inc., CPAs	Audit FY 2018-2019 Billing through completion...	-3,318.90
06/05/2020	13747	Streamline	June 2020 Website	-200.00
06/05/2020	13748	Uline	Dog Waste Disposal Bags	-119.95
06/05/2020	13749	YP	Marin Co Directory Listing	-28.00
06/08/2020	EFT	CalPERS Health	June Health Insurance	-10,387.11
06/10/2020	Auto	Diversified Technology	Billing Service	-665.00
06/11/2020	EFT	CalPERS UAL	UAL 3055 MISC	-2,634.56
06/11/2020	EFT	CalPERS UAL	UAL 3056 SAFETY	-750.85
06/11/2020	EFT	CalPERS UAL	UAL 26451 PEPRA MISC	-110.46
06/15/2020	0620-01		Tax Payment	-7,504.46
06/15/2020	0620-01		Direct Deposit	-18,982.53
06/15/2020	EFT	BB & T- CPS Operations	5/01-5/31/2020 AR Box	-12.35
06/15/2020	EFT	Paychex	Payroll Processing Fees	-184.30
06/17/2020	13750	Tom Fox	Replacement of electrical conduit and receptac...	-400.00
06/18/2020	13751	AT&T	CalNet Telemetry/Phone Lines	-380.95
06/18/2020	13752	Brelje and Race Laboratories, Inc.	May 2020 sampling	-378.00
06/18/2020	13753	CORE	May IT services	-3,300.00
06/18/2020	13754	Emergency Medical Products, Inc.	Account # 104	-204.59
06/18/2020	13755	Integra Chemicals	Customer# INVE03	-237.89
06/18/2020	13756	Marin County Fire Department - Accounting	Contract - Marin Disaster Council S. Marcotte	-377.50
06/18/2020	13757	McPhail Fuel Co.	Account INVPUD 143814	-7.58
06/18/2020	13758	Quill Corporation	Office Supplies	-426.35
06/18/2020	13759	Riley F. Hurd III	Legal Fees Tenney Tank	-90.00
06/18/2020	13760	UPS	Returned Equipment	-21.41
06/18/2020	13761	USABluebook	Hydrant Wrench	-190.73
06/18/2020	13762	Verizon Wireless	Account 942336110-00001	-68.43
06/18/2020	13763	U. S. Bank Corporate Payment Systems	Managing Account 4246 0445 5565 2670	-1,923.31
06/18/2020	13764	Laura Peterson	Office work	-45.00
06/29/2020	13765	State Water Resources Control Board - OP	Jeff McBeth - D1 Operator Application	-50.00
06/29/2020	13766	Hach Company	Water Treatment Supplies	-896.34
06/29/2020	13767	Jerry & Don's Yager Pump Well Service	Goulds Multi-Stage 25GBC15	-2,896.77
06/29/2020	13768	Petaluma Auto Parts	Acct# 3450 Inverness Public Utility	-123.04
06/29/2020	13769	Quill Corporation	Office Supplies	-119.55
06/29/2020	13770	UC Regents	EMT 6/29/2020 Tim Olsen	-1,995.93
06/29/2020	13771	Holland, Wade	Reimbursements	-13.53
06/29/2020	13772	Curtis, Jackie	Credit Balance - Closed Acct 325-010-12	-4.00
06/29/2020	13773	Tucker, Lew	Credit Balance - Closed Acct 942-010-14	-38.32
06/29/2020	EFT	CalPERS - Retirement	May 2020 Retirement	-1,273.08
06/30/2020	0620-02		Tax Payment	-6,641.03

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Accrual Basis

Inverness PUD Monthly Expense Ledger Report June 2020

Date	Num	Name	Memo	Amount
06/30/2020	0620-02		Direct Deposit	-16,977.43
06/30/2020	EFT	PG&E	Account 9408018479-2	-4,262.54
06/30/2020	EFT	Paychex	Payroll Processing Fees	-179.60
06/30/2020	13776	Jairemarie Pomo	May/June Disaster Coordinator	-400.00
06/30/2020	13777	Point Reyes Light Publishing Co., LC	Legal Notices (3)	-562.80
06/30/2020	13778	Good & Clean, Inc.	Janitorial Services - June	-220.00
06/30/2020	13779	U. S. Bank Corporate Payment Systems	Managing Account 4246 0445 5565 2670	-4,007.54
06/30/2020	13780	Brelje and Race Laboratories, Inc.	June 2020 sampling	-340.20
06/30/2020	13781	Friedman's Home Improvement	Customer # 343	-91.46
06/30/2020	13782	John's Dairy Equipment & Supply, Inc.	Liquid Chlorine	-93.12
06/30/2020	13783	Marin County Central Collections	May 2020 Fuel Charges	-540.29
06/30/2020	13784	Petaluma Auto Parts	Acct# 3450 Inverness Public Utility	-2.46
06/30/2020	13785	YP	Marin Co Directory Listing	-28.00
06/30/2020	13786	Building Supply Center	Supplies	-258.40
06/30/2020	13787	Quill Corporation	Office Supplies	-165.59
06/30/2020	13788	Special District Risk Management Authorit	FY 1920 Added Vehicle Insurance	-42.86
06/30/2020	13789	CORE	June IT services	-210.00
06/30/2020	13790	Emergency Medical Products, Inc.	Account # 104	-95.73
06/30/2020	EFT	CalPERS - Retirement	May 2020 Retirement	-4,124.43
06/30/2020	EFT	CalPERS - Retirement	May 2020 Retirement	-172.04
Jun 20				<u>-103,732.30</u>

Inverness PUD
Reconciliation Detail
XX-5018 · Cal Card - J Fox, Period Ending 06/22/2020

Type	Date	Num	Name	Clr	Split	Amount	Balance
Beginning Balance							723.44
Cleared Transactions							
Charges and Cash Advances - 17 items							
Credit Card Charge	05/22/2020		In n Out Burger	X	870-05 · Office Supplies, Postage, Fees	-13.06	-13.06
Credit Card Charge	05/26/2020	113-2...	Amazon	X	845-01 · Supplies and Inventory	-177.54	-190.60
Credit Card Charge	05/26/2020		Palace Market	X	850-01 · Volunteer Training	-31.84	-222.44
Credit Card Charge	05/27/2020	00527...	Car Cover Planet	X	1371-29 · 2015 Chev Utility Vehicle	-421.18	-643.62
Credit Card Charge	06/01/2020		Inverness Store	X	850-01 · Volunteer Training	-23.79	-667.41
Credit Card Charge	06/02/2020	06021...	Traffic Safety Store	X	845-01 · Supplies and Inventory	-296.79	-964.20
Credit Card Charge	06/05/2020	113-0...	Amazon	X	833-01 · Chemicals	-108.42	-1,072.62
Credit Card Charge	06/05/2020		Bovine Bakery	X	870-05 · Office Supplies, Postage, Fees	-20.40	-1,093.02
Credit Card Charge	06/13/2020		Palace Market	X	850-01 · Volunteer Training	-72.79	-1,165.81
Credit Card Charge	06/15/2020	01P33...	Opperman & Son	X	830-02 · Commo Supplies	-272.97	-1,438.78
Credit Card Charge	06/15/2020	1101	Wolfpack Gear Inc.	X	845-01 · Supplies and Inventory	-186.13	-1,624.91
Credit Card Charge	06/16/2020	10003...	HiVis Supply	X	845-02 · Personal Protective Equipment	-40.02	-1,664.93
Credit Card Charge	06/16/2020	350019	Master Tool Repair	X	845-01 · Supplies and Inventory	-37.38	-1,702.31
Credit Card Charge	06/16/2020	113-2...	Amazon	X	870-05 · Office Supplies, Postage, Fees	-14.70	-1,717.01
Credit Card Charge	06/18/2020	56206...	Life-Assist	X	845-01 · Supplies and Inventory	-179.09	-1,896.10
Credit Card Charge	06/18/2020	350265	Master Tool Repair	X	845-01 · Supplies and Inventory	-20.24	-1,916.34
Credit Card Charge	06/19/2020	113-2...	Amazon	X	870-05 · Office Supplies, Postage, Fees	-48.60	-1,964.94
Total Charges and Cash Advances						-1,964.94	-1,964.94
Payments and Credits - 1 item							
Bill	05/14/2020		U. S. Bank Corporat...	X	20000 · Accounts Payable	723.44	723.44
Total Cleared Transactions						-1,241.50	-1,241.50
Cleared Balance						1,241.50	1,964.94
Register Balance as of 06/22/2020						1,241.50	1,964.94
Ending Balance						1,241.50	1,964.94

Inverness PUD Reconciliation Detail

XX-7642 · Cal Card - Redding, Period Ending 06/22/2020

Type	Date	Num	Name	Clr	Split	Amount	Balance
Beginning Balance							1,199.87
Cleared Transactions							
Charges and Cash Advances - 6 items							
Credit Card Charge	05/29/2020	o139608...	U. S. Postmaster	X	870-05 · Office Supplies, Postage, Fees	-662.45	-662.45
Credit Card Charge	05/29/2020	387	U. S. Postmaster	X	870-05 · Office Supplies, Postage, Fees	-55.00	-717.45
Credit Card Charge	06/03/2020	474	U. S. Postmaster	X	870-05 · Office Supplies, Postage, Fees	-1.60	-719.05
Credit Card Charge	06/10/2020	112-517...	Amazon	X	870-05 · Office Supplies, Postage, Fees	-230.74	-949.79
Credit Card Charge	06/19/2020		DMV	X	1371-29 · 2015 Chev Utility Vehicle	-2,989.00	-3,938.79
Credit Card Charge	06/19/2020		DMV	X	1371-29 · 2015 Chev Utility Vehicle	-68.75	-4,007.54
Total Charges and Cash Advances						-4,007.54	-4,007.54
Payments and Credits - 1 item							
Bill	05/14/2020		U. S. Bank Corporate ...	X	20000 · Accounts Payable	1,199.87	1,199.87
Total Cleared Transactions						-2,807.67	-2,807.67
Cleared Balance						2,807.67	4,007.54
Register Balance as of 06/22/2020						2,807.67	4,007.54
New Transactions							
Charges and Cash Advances - 1 item							
Credit Card Charge	06/30/2020	CCR 2019	Petaluma Minuteman, ...		-SPLIT- 1	-513.45	-513.45
Total Charges and Cash Advances						-513.45	-513.45
Total New Transactions						-513.45	-513.45
Ending Balance						3,321.12	4,520.99

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**Inverness PUD
Reconciliation Detail**

XX-7642 · Cal Card - Redding, Period Ending 06/22/2020

1. Charge split between Water and Fire 50/50



Inverness Public Utility District
Board Meeting July 22, 2020

Agenda Item No. 10

Public Hearing and Declaration of a Water Shortage Emergency

Inverness Public Utility District
NOTICE OF PUBLIC HEARING

DECLARATION OF A WATER SHORTAGE EMERGENCY

The Board of Directors will accept comments on and consider declaring a Water Shortage Emergency in the District and adopting an Emergency Water Conservation Program, pursuant to Secs. 350-358 of the California Water Code.

The draft resolution declaring a Water Shortage Emergency is posted on the District's website, www.invernesspud.org, or is available by mail or email by phoning (415) 669-1414 or emailing admin@invernesspud.org.

PUBLIC HEARING: Wednesday, July 22, 2020, 9:00 a.m.

Location: Pursuant to the Governor's Executive Order N-29-20, this will be a virtual meeting via teleconferencing. For instructions on accessing and participating in the meeting, including providing oral comments, see the meeting agenda posted on the District's website, www.invernesspud.org. Written comments submitted in advance will be distributed to the Directors and included in the public record.

If the resolution adopting a Water Shortage Emergency is adopted by the Board of Directors, the District's management intends to place into effect ***immediately*** the **Stage 1 prohibitions on water usage**, which include the following prohibitions:

- ▶ All nonessential uses of water
- ▶ Allowing runoff into roadways or gutters
- ▶ Use of water for installing new landscaping at construction or remodeling sites
- ▶ Washing down sidewalks, driveways, patios, game courts, building exteriors, or other outdoor hard-surface areas
- ▶ Vehicle washing (except by handheld hose with a positive shutoff mechanism)
- ▶ Water service to customers in restaurants except on request by the customer
- ▶ Use of water for construction (unless a permit has been issued by the IPUD)
- ▶ Cleaning or filling decorative pools or ponds (except for limited "topping off")
- ▶ Filling swimming pools (except for limited "topping off" and backwashing)
- ▶ Use of water that runs to waste due to broken or defective plumbing or irrigation components

Future conservation stages may include alternate-day outdoor watering schedules, total prohibition of outdoor watering, and (ultimately) *water rationing*.



Inverness Public Utility District
Board Meeting July 22, 2020

Agenda Item No. 11

Resolution 255-2020: Declaration on a Water Shortage Emergency

**A RESOLUTION DECLARING THAT A
WATER SHORTAGE EMERGENCY CONDITION
PREVAILS WITHIN THE AREA SERVED BY THE
INVERNESS PUBLIC UTILITY DISTRICT WATER SYSTEM**

WHEREAS, the Inverness Public Utility District Water System is a surface water system relying on surface water sources for its water supply; and

WHEREAS, weather in general and rainfall in particular are known to be key determinants of the amount of water available from the District's surface water sources; and

WHEREAS, the District's measurements of rainfall during the 2019/2020 rainfall year (July 1, 2019 – June 30, 2020) show that rainfall over this period was abnormally low, to wit, 23.08 inches, which is only 61.2% of the 89-year average of 37.72 inches, making 2019/2020 one of the driest year recorded in Inverness and the driest year since 1976/77; and

WHEREAS, the District's measurements of rainfall during the five-month period of February–June 2020 show that total rainfall over this period was critically low, to wit, 5.99 inches, which is only 38.6% of the 89-year average of 15.53 inches for the period; and

WHEREAS, weather during the spring of 2020 was unusually warm and sunny, and the month of June 2020 was notable for an absence of the morning fog and overcast conditions that typically characterize this time of the year; and

WHEREAS, measurements of streamflows at the District's water collection points over the period of January through June 2020 show abnormally low streamflow volumes; and

WHEREAS, the District's customer usage records show consistently that customer demand is greatest in the summer and fall months when the streamflows are approaching their lowest volumes; and

WHEREAS, there is a general recognition throughout Northern California at this time that drought conditions already or will soon prevail; and

WHEREAS, because of limited water supply the operations staff of the Water System has been unable repeatedly since mid-June to maintain adequate reserves to ensure availability of water for essential uses; and

WHEREAS, the District's staff initiated on June 25 a water conservation educational effort among the District's customers, which effort has not been fully successful in reducing customer demand to levels that enable maintenance of adequate reserves to ensure availability of water for essential uses; and

WHEREAS, the District's Directors convened a teleconferencing public hearing on July 22, 2020, pursuant to Section 351 of the Water Code of the State of California, at which time the public in general and the consumers of the District's water supply in particular were provided an opportunity to present testimony and evidence in favor of or in opposition to a declaration of a water shortage emergency and to present their respective needs for water to the District's governing board; and

WHEREAS, a notice of the date and time of, and means of participating in, said public hearing was published, pursuant to Section 6061 of the Government Code, on July 9, 2020, in the *Point Reyes Light*, a newspaper of general circulation in the area of the Inverness Public Utility District; and

WHEREAS, in view of the various aforementioned factors and in compliance with the aforementioned requirements, the Board of Directors finds that the District is unable to provide assurance that the ordinary demands and requirements of its water customers can be satisfied in the immediate future without depleting

the water supply to the extent that there would be insufficient water for human consumption, sanitation, and fire protection,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Inverness Public Utility District as follows,

SECTION 1. A Water Shortage Emergency Condition, as defined in Section 350 of the Water Code of the State of California, prevails within the area served by the Inverness Public Utility District Water System.

SECTION 2. The Board of Directors, in compliance with Section 353 of the Water Code of the State of California and so as to regulate and restrict the delivery and consumption of water for public use within the District’s service area in order to conserve the water supply for the greatest public benefit, with particular regard to domestic use, sanitation, and fire protection, declares that Inverness Public Utility District Water System Regulation 117, “Water Shortage Emergency,” as enacted by Ordinance 58-2001, is now in effect with the full force of law and constitutes the District’s emergency water conservation program.

SECTION 3. Pursuant to Section 376(a) of the Water Code of the State of California, the regulations and restrictions implemented by activation of the effectiveness of Water System Regulation 117, “Water Shortage Emergency,” shall be effective, implementable, and have the full force of law immediately upon adoption of this Resolution, and shall remain in effect as the District’s emergency water conservation program until the Board of Directors declares an end to the water shortage emergency declared by Section 1 of this Resolution.

SECTION 4. The Board of Directors hereby declares that a violation of a requirement of the District’s emergency water conservation program may at the discretion of the General Manager be handled by application of the provisions of Sections 377 and 377.5 of the Water Code of the State of California instead of by application of the provisions of paragraph (h), “Enforcement,” of Inverness Public Utility District Water System Regulation 117.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Inverness Public Utility District on the 22nd day of July, 2020, by the following vote, to wit:

AYES: **Directors**

NOES:

ABSTAINING:

ABSENT:

Kenneth J. Emanuels, President

ATTEST:

Shelley Redding, Clerk of the Board

.....

I hereby certify that the foregoing instrument is a true and correct copy of the original of Resolution 255-2020 on record in this office and that subsequent to its adoption no declaration contained in Resolution 255-2020 has been amended, modified, or revoked by the governing body.

_____, Clerk of the Board, Inverness Public Utility District, County of
Marin, State of California.

By _____ Date _____

DRAFT



Inverness Public Utility District
Board Meeting July 22, 2020

Agenda Item No. 12

Committee Meetings/Reports



Inverness Public Utility District
Board Meeting July 22, 2020

Agenda Item No. 13

Announcements,

Next Meeting,

Adjournment