



AGENDA

REGULAR MEETING OF THE BOARD OF DIRECTORS

October 28, 2021

4:00 PM

CALL TO ORDER AND ROLL CALL - Edmondson, Burke, Morris, Ryan, Williams

ADD-ON ITEMS

APPROVAL OF AGENDA

PUBLIC COMMENT

Any person may address the Board at this time upon any subject not identified on this Agenda, but within the jurisdiction of Elsinore Valley Municipal Water District; however, any matter that requires action will be referred to staff for a report and action at a subsequent Board meeting. As to matters on the Agenda, an opportunity will be given to address the Board when the matter is considered.

This meeting will be held at 31315 Chaney Street, Lake Elsinore, CA 92530, however, remote public participation is encouraged. Members of the public may make comments in-person, virtually, or submit a Public Comment Request Form located at <https://www.evmwd.com/evmwd-publiccomment>, prior to the close of Public Comments. Please note, individuals have a limit of three (3) minutes to make comments and will have the opportunity when called upon by the presiding officer.

I. PUBLIC HEARING

A. Public Hearing Regarding Redistricting of Agency Division Boundaries

II. CONSENT CALENDAR

Consent Calendar items are expected to be routine and non-controversial, to be acted upon by the Board at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Calendar, it shall be removed so that it may be acted upon separately.

A. APPROVAL OF:

1. Minutes of the Regular Board Meeting of October 14, 2021
2. Minutes of the Regular Engineering and Operations Committee Meeting of October 4, 2021
3. Payment Ratification
4. Public Works Contract with Kay Construction for the Peck and Chestnut Street Sewer Replacement Phase 2 Project



III. BUSINESS ITEMS

Business Items call for discussion and action by the Board.

- A. Consider Adoption of Resolution for Acceptance of a Funding Agreement Issued by the State Water Resources Control Board (SWRCB) for the Regional Water Reclamation Facility Expansion Project (Project No. 8462-110)

IV. REPORTS

Reports are placed on the Agenda to provide information to the Board and the public. There is no action called for in these items. The Board may engage in discussion on any report upon which specific subject matter is identified, but may not take any action other than to place the matter on a subsequent Agenda.

- A. General Manager's Report
- B. Legal Counsel's Report
- C. Board Committee Reports

V. DIRECTOR'S COMMENTS AND REQUESTS

Directors' Comments concern District business which may be of interest to the Board. They are placed on the Agenda to enable individual Board members to convey information to the Board and the public. There is no discussion or action required, other than to place the matter on a subsequent Agenda.

VI. INFORMATION ITEMS

- A. Grant Update October 2021

VII. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to subdivision (d) of Section 54956.9 of the Government Code (1 or more potential cases)

VIII. ADJOURNMENT

Participants who would like to join this meeting remotely can do so in one of the following ways:

For Online Participation:

Go to: www.zoom.us
Select Join a Meeting
Enter Meeting ID: 825 3808 3585
Meeting Password: 92530

For Call-in Only:

Call: (720) 707 2699
Enter Meeting ID: 825 3808 3585
Meeting Password: 92530

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted in the main lobby of the District's Administrative offices not less than 72 hours prior to the meeting date and time above. All public records relating to each agenda item, including any public records distributed less than 72 hours prior to the meeting to all, or a majority of all, of the members of District's Board, are available for public inspection in the office of the District Secretary, 31315 Chaney Street, Lake Elsinore, California.

To request a disability-related modification or accommodation regarding agendas or attendance, contact Terese Quintanar, at (951) 674-3146, extension 8223 at least 48 hours before the meeting.



Our Mission...

The EVMWD team delivers total water management that powers the health and vibrancy of its communities so life can flourish.

DATE: October 28, 2021

TO: Board of Directors

FROM: General Manager

SUBJECT: PUBLIC HEARING REGARDING REDISTRICTING OF AGENCY DIVISION BOUNDARIES

STRATEGIC GOAL

Elevate Communications

RECOMMENDATION

The General Manager and staff recommend that the Board of Directors:

1. Conduct a Public Hearing to receive testimony and comments regarding Agency Division Boundaries; and
2. Receive a report on the redistricting process and permissible criteria to be considered to redraw Agency Division Election District Boundaries

BACKGROUND

Every ten years, agencies with by-district election systems must use new census data to review and, if needed, redraw electoral division lines to reflect how local populations have changed. This process, called redistricting, ensures all divisions comply with both the California and federal Voting Rights Acts.

Requirements for redistricting include that revised electoral districts must be “substantially equal in population as required by U.S. Constitution.” Balance must comply with United States and California Constitutions and the Federal Voting Rights Act (FVRA) Section 10301 of Title 52 of the United States Code, as amended. Population equality is based on total population of District residents (not customers) per the U.S. Census. Incarcerated persons are only counted if last known residence may be assigned to a City census block. In adjusting the boundaries of the divisions, the Board may give consideration to the following factors: topography, geography, cohesiveness, contiguity, integrity, and compactness of territory, and community of interests of the division.

This section does not apply to divisions in which only landowners vote for directors or whose directors are all elected at large or appointed.

Boundaries shall not be drawn to favor or discriminate against a political party and change of boundaries shall not affect the unexpired term of office of any elected Board member.

Pursuant to Election Code Section 22000 et seq., prior to considering specific maps adjusting division boundaries, the District must conduct at least one public hearing to receive testimony and comments from District Board members and the public. Following this hearing the District's redistricting consultant will prepare draft maps reflecting the 2020 census data and consider any comments received. A second public hearing has been tentatively scheduled for January 27, 2022, to consider the proposed division boundary adjustments and adoption of revised boundary maps.

The current redistricting process for EVMWD must be completed by April 17, 2022. This date was established by the passage of SB 594, enacted earlier this month, which consolidated the redistricting deadline for all municipalities and most special districts onto a single date. Previous to SB 594, the deadline for special districts was May 12, 2022 (180 days before the November 8, 2022 general election). However certain types of districts had deadlines as early as November 1, 2021, and with the delay of census data from the US Census Bureau as a result of the COVID-19 pandemic, that deadline was impossible to meet. To accommodate those districts, and at the request of County Registrar of Voters statewide, the deadline for special districts was moved up 25 days to April 17th, while the November 1st deadline was extended to April 17, 2022.

At this meeting, Best, Best and Krieger, LLP associates will introduce redistricting to the community, providing an overview of the District's initial census data, and ask for any public testimony or direction from the Board. Following the hearing, efforts will begin to review and re-draw division boundaries, utilizing census data, considerations listed above, and input received during the hearing.

ENVIRONMENTAL WORK STATUS

Not applicable.

FISCAL IMPACT

Not applicable.

Originated by: Terese Quintanar – Administration
Reviewed by: Christy Gonzalez – Administration

Attachments:
None.

**MINUTES
REGULAR MEETING OF THE BOARD
OF DIRECTORS OF ELSINORE VALLEY
MUNICIPAL WATER DISTRICT
THURSDAY, OCTOBER 14, 2021**

The Regular Meeting of the Board of Directors of Elsinore Valley Municipal Water District was held at its principal offices at 31315 Chaney Street, Lake Elsinore, California with a remote public participation option (teleconference, through a call-in number clearly noted on the meeting Agenda) posted in accordance with the Brown Act.

Directors Present

Phil Williams, President
Darcy M. Burke, Vice President
Harvey Ryan, Treasurer
Andy Morris
Chance Edmondson

Staff Present

Greg Thomas, General Manager
Mike Maurer, General Counsel
Terese Quintanar, District Secretary/Administrative Services Supervisor
Ganesh Krishnamurthy, Assistant General Manager – Eng. and Operations
Christy Gonzalez, Deputy Board Secretary/Executive Assistant
Susie Evans, Sr. Executive Assistant
Christina Ramirez, Executive Assistant
Margie Armstrong, Director of Strategic Programs
Jase Warner, Director of Operations
Jason Dafforn, Director of Engineering and Water Resources
Greg Morrison, Government Relations Officer
Jennifer Dancho, Director of Human Resources
Darryn Flexman, Interim Director of Information Technology
Tim Collie, Water Operations Manager
Parag Kalaria, Water Resources Manager
David Smith, Maintenance Manager
Scott Thompson, Accounting Manager
Matt Bates, Engineering Manager
Christina Henry, Community Relations Manager
Bonnie Woodrome, Community Affairs Supervisor
Kelia Jones, Engineering Project Coordinator
Jessie Arellano, Wastewater Operations Manager
Gerald Hannah, SCADA Specialist III
Wendy Martinez, Records Coordinator

Others Present

Jake Nieto, DPF
Public

CALL TO ORDER

The meeting was called to order by President Williams at 4:00 p.m.

APPROVAL OF AGENDA

Mr. Thomas requested Business Item II.A. Consider Approval of Horsethief CFD 2020-1 Improvement Area 4 Boundary Amendment and Improvement Area 4A Bond Issuance be removed from the agenda and considered at a later date.

A motion was made by Director Morris, seconded by Vice President Burke, and carried unanimously to approve the Agenda as amended.

PUBLIC COMMENTS

The meeting was opened to public comment and there were none.

Item I.0 - CONSENT CALENDAR

Minute Order #5649-5650

- A. APPROVAL OF:
1. Minutes of the Regular Board Meeting of September 23, 2021
 2. Minutes of the Regular Water Planning Committee Meeting of September 20, 2021
 3. Minutes of the Regular Engineering and Operations Committee Meeting of September 13, 2021
 4. Payment Ratification Report
 5. Contract Services Agreement with Lawnscape Systems, Inc. for Landscape Maintenance and Weed Abatement Services
(MO #5649)
 6. Amendment No. 7 to the Contract Services Agreement with Alvarez Enterprise Services for District Janitorial Services
(MO #5650)

A motion was made by Director Edmondson, seconded by Vice President Burke, and carried unanimously to:

- 1. Approve the Consent Calendar as presented.**

Item II. A Consider Approval of Horsethief CFD 2020-1 Improvement Area 4 Boundary Amendment and Improvement Area 4A Bond Issuance
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This item was removed from the agenda upon approval of the agenda.

Item III. A GENERAL MANAGER'S REPORT

Mr. Thomas recognized SCADA Specialist Gerald Hannah's days of service at the District. He is a humble individual and has been very instrumental in rewriting our SCADA policies with many projects including the Regional Upgrade project and getting us into the 21st century in many aspects. Mr. Thomas wished him well in his retirement. President Williams thanked Mr. Hannah for his service.

The District recently received an additional \$35K in FEMA funding, bringing the total to approximately \$135K. This amount was originally not approved; however, the funds were recovered with Mr. Bates and Ms. Allen's continued efforts in the appeal process. He thanked them and the team for their hard work.

On October 21st the District will participate in the Great Shakeout Emergency Drill, and October 27th will be the Halloween celebration lunch. There was a kickoff meeting this past Monday for the Horsethief Water Reclamation Facility Design Build project. It was a very positive workshop, and the next workshop will be for the 30% design.

The State Water Project (SWP) conditions are not looking positive and next year's focus will be on SWP customers and their allocations. More guidance from Metropolitan Water District (MWD) will follow.

Item III. B LEGAL COUNSEL'S REPORT

Mr. Maurer reported on several legislative bills that recently passed. SB155 extended the shut off moratorium. SB323 passed as well, creating the 120-day statute of limitations for water rates, enabling water districts to have some certainty as to what their rates will be. AB361 passed allowing the continuance of virtual meetings for the Board members.

Lastly SB9 allows lot splits, or duplexes ministerial rights. Cities will not have the ability to restrict single family homes to single families. It is a part of a legislative trend where density is encouraged but not necessarily the infrastructure needed to serve that density. President Williams requested the bill and its impacts be discussed at a future Study Session.

Item III. C BOARD COMMITTEE REPORTS

Vice President Burke reported on her attendance at the Canyon Lake City Council meeting. The cannabis permitting was discussed, and the applicant is to bring forth potential areas. The Fire Department is moving forward and will take over from CalFire on January 1st. The Building Department has been brought in-house where previously it was contracted out. At the Canyon Lake Roundtable meeting, the Canyon Lake Property Owners Association reported on an implemented software where everything can now be done online. The Sheriff mentioned several recent traffic incidents near the Golf Club entrance, including a fatality. They are looking at changing the way the lights flash to slow traffic down. At the Metropolitan Water District Board meeting, it was reported positive conversations were had at a recent Board retreat and will be working together on vision items moving forward and revisiting their committee structure and leadership. At the Eastern Municipal Water

District (EMWD) group meeting, it was reported they are investing in upgrading their Boardroom and are looking at livestreaming their meetings. They are closely following Cal/OSHA to see about vaccine mandates and the impacts on their workforce. An update on the rate refinement process was given, along with a detailed update on the Quail Valley Septic to Sewer program. Lastly, she reported on her attendance at the Quail Valley Septic to Sewer Taskforce meeting where many groups were in attendance. Finding future funding for the project will be the main function. President Williams opined that Riverside County Flood Control should be added to the list of potential funding partners, and requested they be invited to future meetings.

Director Morris reported on his attendance at the City of Wildomar group meeting. They provided an update to the opening of their buildings to the public. The Bundy water and Oak Creek development is moving forward. The City is busy with future development projects. At the Santa Rosa Regional Resources Authority (SRRRA) Board meeting, the budget was approved. The tour of the facility was well attended, and he commented the plant is running better than expected. He also reported on his attendance at the Murrieta Student of the Month event where he was very impressed with the students.

Director Ryan reported on his attendance at the SRRRA facility tour. At the EMWD group meeting, AB361 was discussed, and he felt this should be discussed again at a future Study Session. He also requested that desalination be placed on future agendas to discuss this topic as a regional agency effort.

Director Edmondson attended the virtual Lake Elsinore Student of the Month event. He commented how driven and motivated the kids are and how proud he was to be part of this program representing the District. He also attended the City of Wildomar group meeting and felt it is critical the water district and neighboring cities communicate. He commended Director Morris for his speech at the SRRRA facility tour and was proud to have him representing EVMWD. He also reported on his recent facility tours of the District. He visited Canyon Lake Water Treatment Plant and was impressed with the PFAS and PFOA pilot project treatment processes.

President Williams reported on a conversation he had over an upcoming Lake Elsinore and San Jacinto Watersheds Authority (LESJWA) meeting. Several items will be discussed including increasing funding, Lake Elsinore aeration systems will be considered for replacement or future upgrades, and continued alum for Canyon Lake.

Item VI.0 DIRECTOR'S COMMENTS AND REQUESTS

Director Morris commented on the Colorado River presentation done at a previous Study Session and thanked Vice President Burke for having Mr. Hasencamp from MWD present. He felt it was an amazing presentation and would like to see it on our website so the customers can also view it and see what we are up against. Vice President Burke commented she also asked a MWD representative to present to the Board regarding the Bay Delta.

Director Ryan echoed Director Morris' comments and opined the pipe from north to south is not a dependable source of water. He also recently watched a cloud seeding presentation and reported Santa Ana Watershed Project Authority (SAWPA) will be going after funding for the project and hope to have equipment in place by 2022/2023.

Director Edmondson also commented on the Colorado River presentation and felt it was very informative and a great presentation.

President Williams thanked Mr. Hannah for his service and wished him well.

Item V.0 ADJOURNMENT

The meeting was adjourned at 4:41 p.m.

Phil Williams, President of the
Board of Directors of the
Elsinore Valley Municipal Water District

ATTEST:

Terese Quintanar, Board Secretary
to the Board of Directors of
Elsinore Valley Municipal Water District

- EVMWD BOARD ACTION
 - APPROVED
 - APPROVED AS AMENDED
 - DENIED
 - CONTINUED
-

**MINUTES
ENGINEERING AND OPERATIONS COMMITTEE
Regular Meeting
October 4, 2021**

The Regular Engineering and Operations Committee Meeting was held as a hybrid, in-person and virtual through a call-in number clearly noted on the meeting Agenda, posted in accordance with the Brown Act.

Director Present:

Harvey R. Ryan
Chance Edmondson

Staff Present:

Greg Thomas, General Manager
Ganesh Krishnamurthy, Assistant General Manager – Engineering and Operations
Christy Gonzalez, Executive Assistant/Deputy Board Secretary
Susie Evans, Sr. Executive Assistant
Christina Ramirez, Executive Assistant
Jase Warner, Director of Operations
Greg Morrison, Government Relations Officer
Matthew Bates, Engineering Manager
Jessie Arellano, Wastewater Operations Manager
Christina Henry, Community Services Manager
Bonnie Woodrome, Community Affairs Supervisor
Parag Kalaria, Water Resources Manager
David Smith, Maintenance Manager
Greg Morrison, Government Relations Officer
Margie Armstrong, Director of Strategic Programs
Darryn Flexman, Interim Director of Information Technology
Mike Ali, Water Quality Administrator
Nelson Nuezca, Principal Engineer – Capital Programs
Kelia Jones, Engineering Project Coordinator
AJ Rivera, Purchasing Manager
Natalee Dee, Accountant III

Public

None

CALL TO ORDER

Director Ryan called the meeting to order at 3:30 p.m.

PUBLIC COMMENTS

The meeting was opened to public comments and there were none.

1. Public Works Contract with Kay Construction for the Peck and Chestnut Street Sewer Replacement – Phase 2 Project

Mr. Dafforn provided a background on the project. The first phase was completed approximately a year ago utilizing the cured-in-place pipe liner method. Phase two of the project involves installation of approximately 2,800 LF of new 8-inch sewer main along Peck Street, Chestnut Street, and in the alleys east of Dutton Street and north of Franklin Street. As part of the Phase 2 sewer replacement effort, the District and City of Lake Elsinore (City) collaborated to incorporate street improvements along portions of Peck Street, Chestnut Street, and an alley located south of Graham Avenue and west of Chestnut Street. The City will be reimbursing the District with their portion of the project.

The District and City are planning a combined public outreach event on October 27, 2021 to update the community about the project. Continued public outreach will be required throughout the project duration.

The Project was advertised for bid on August 11, 2021 via Planet Bids. On September 7, 2021, five pre-qualified bidders submitted bids by the deadline. Staff performed a detailed review of the bid documents and checked references. Based on staff's analysis, Kay Construction is determined to be the lowest, responsive, and responsible bidder. Staff plans to present this item at the October 28, 2021 Board of Directors Meeting to recommend award of a Public Works Contract with Kay Construction in the amount of \$1,600,072.00. This item, including overhead of \$8,000.00, as well as staff time (198 hours) & fringe benefits of \$46,605.00, totals \$1,654,677.00

Photos of the area were then reviewed. Director Ryan commented there are a lot of old laterals in the area. Mr. Dafforn responded as part of the project, they will be replacing the mainline and reconnecting the laterals to the homes. They will also have extensive public outreach with the residents, the first being on October 27th at Stadium Pizza. This project should be about 6-8 months of construction, starting most likely after the holidays. Public outreach will be done in both English and Spanish.

2. Contract Services Agreement with Lawnscape Systems, Inc. for Landscape Maintenance and Weed Abatement Services

The District has nearly 500 sites that require landscape maintenance and weed abatement services. Facility locations include wells, booster stations, reservoirs, water and wastewater treatment plants, lift stations, easements, undeveloped parcels, and the District's administration building complex.

With Lawnscape Systems, Inc. contract due to expire, staff prepared and posted an Invitation for Bid on July 14, 2021 for all the District's landscape maintenance and weed abatement program needs. Forty-eight (48) vendors were notified via Planet Bids and four (4) vendors participated in the extensive pre-bid meeting process, which included detailed visits to representative sites throughout the District. Formal bids were received from two (2) qualified vendors: Lawnscape Systems, Inc. and Quality Sprayers, Inc. Staff conducted interviews with each firm, and following their interview, Quality Sprayers, Inc. submitted an email requesting to withdraw their bid

submission. Staff granted the request, leaving Lawnscape Systems, Inc. as the sole responsive and responsible bidder at \$467,914.30 annually.

Unplanned, as-needed services are also included to cover possible expenses that are beyond the minimum contracted scope of work. The need for such services had been demonstrated by historical occurrences, where damaged or overgrown trees or nuisance vegetation has been identified by District customers, or by the City or County Fire Department representative. For each as-needed response event, EVMWD will request a proposal from the Contractor for which a Task Order will be issued. As-needed services in the amount of \$15,000 annually are expected to cover such instances, bringing the total annual cost to \$482,914.30.

Staff plans to present this item at the October 14, 2021 Board meeting to recommend approval of a three-year Contract Services Agreement with Lawnscape Systems, Inc. in the amount of \$1,448,742.90, along with two optional one-year contract extensions in the amount of \$965,828.60, for a total of \$2,414,571.50.

Clarifying to Director Edmondson, the cost is lump sum per facility location. A review of their services will be done every year. Costs have increased due to prevailing wage and minimum wage increases along with COVID-19 impacts. The is the same company the District has been in contract with since 2016 and the service has been satisfactory.

3. Amendment No. 7 to the Contract Services Agreement with Alvarez Enterprise Services for District Janitorial Services

In October 2016, the District entered into a Contract Services Agreement (CSA) in the amount of \$43,790 with Alvarez Enterprise Services (Alvarez) to maintain clean, neat, and sanitary office facilities. The CSA included two, one-year contract extensions.

The process of bidding the contract for janitorial services has encountered challenges on multiple fronts. COVID-19 orders have limited staff and contractor ability to conduct in-person site visits. A complete review of the menu of services required for existing facility locations is necessary following the period since these services were previously bid. Finally, construction of the new Regional Water Reclamation Facility Operations Building (currently under construction as part of the RWRP Upgrades Project, with anticipated staff occupancy in late November 2021) needs to be included as additional scope. Staff anticipates completion of the updated contract documents in the near term (<3 months), after which the contract will be publicly bid, followed by award.

To provide continuity of existing services in addition to new task areas, staff are requesting Amendment No. 7 in the amount of \$53,224 to extend the CSA with Alvarez through June 30, 2022 and allow staff to pursue competitive procurement for janitorial services.

Staff plans to present this item at the October 14, 2021 Board meeting to recommend Board approval of Amendment No. 7 to the CSA with Alvarez in the amount of \$53,224, bringing their contract total to \$346,714.

4. **Operations Department Quarterly Update** – Mr. Arellano, Mr. Collie, and Mr. Smith presented on this item and referenced the PowerPoint in the packet.

Mr. Arellano reported on the Wastewater Operations Department and highlighted the UV Maintenance at the Regional Plant, Pottery St. Sewer Line Repair, and B-1 Standpipe Repair.

Mr. Collie reported on the Water Operations Department and highlighted drone technology used to obtain water samples and production meters conversion to AMI. Collaboration by Water Resources, IT, and Preventative Maintenance was done to obtain water samples from the quarry off Maitri Road near Well 71 and Mayhew Well. To get to the quarry safely, a drone was used to obtain the samples. Because this was so successful, this technology could be used for future sampling in Canyon Lake, or other areas that a vehicle cannot get to. He then highlighted the production meters conversion to AMI. Phase 2 will take booster stations to AMI. Mr. Morrison commented on the amazing employees and their innovations. He felt these two projects could be submitted for awards through AWWA. Director Ryan also suggested some grant opportunity.

Mr. Smith then reported on the Maintenance Department and highlighted the BBGWTP chemical containment coating, Emergency Operations Center painting, Grand Avenue Booster paving, Fuel Island & Terminal Upgrades, UV spare parts from the City of Escondido, Horsethief WRF Aerator maintenance support beam, and RRC Dam generator docking stations.

5. **Consider Items for Board Review** – All items discussed at today's meeting will be brought for further discussion at a Study Session or Board Meeting. Director Ryan also suggested to bring the drone technology and other innovations to a future Study Session.
6. **Discuss Future Agenda Items** – There were none.
7. **Other** – Mr. Dafforn provided a review of the CIP and Developer maps located on the EVMWD website.

Mr. Collie reported on the Construction Maintenance team's successful inclusion of PEX piping, a replacement for copper service, on the approved material list. This piping is resistant to corrosion, durable and resistant to damage. The cost is much less than copper, \$1.75 per foot compared to \$8.00 per foot. This piping is compatible to all the fittings we already have. Construction Maintenance staff put the piping through all the tests and coordinated with Engineering Department to have it approved. This piping can now be used by staff and contractors.

10. **Adjourned at 4:47 p.m.**



Payment Ratification Report

Cash Disbursements for 10/01/2021 through 10/14/2021

Check or Reference #	Payment Date	Paid to Vendor	Payment Description	Pmt Type	Payment Amount
ACH					
7788	10/07/2021	AMERICAN LABOR POOL	TEMPORARY PERSONNEL	ACH	5,658.69
7789	10/07/2021	CALIFORNIA WATER TECHNOLOGIES	CHEMICALS	ACH	3,306.87
7790	10/07/2021	FIELDMAN ROLAPP AND ASSOCIATES	HORSETHIEF CFD FORMATION	ACH	2,596.32
7791	10/07/2021	GALLADE CHEMICAL INC	CHEMICALS	ACH	1,083.49
7792	10/07/2021	HACH COMPANY	CHEMICALS	ACH	99.29
7793	10/07/2021	HELIX ENVIRONMENTAL PLANNING	NEAR TERM WATER SUPPLY PROGRAM, ON-CALL ENVIRONMENT SERVICES	ACH	7,876.01
7794	10/07/2021	HILL BROTHERS CHEMICAL CO	CHEMICALS	ACH	2,422.20
7795	10/07/2021	INFOSEND	BILLING PROCESSING	ACH	13,418.96
7796	10/07/2021	INFRASTRUCTURE ENGINEERING COR	STAGE RANCH RD PIPELINE REPAIR	ACH	435.00
7797	10/07/2021	MICHAEL BAKER INTERNATIONAL	EVMWD HAZARD MITIGATION PLAN	ACH	8,550.00
7798	10/07/2021	NORTHSTAR CHEMICAL	CHEMICALS	ACH	19,053.99
7799	10/07/2021	US BANK	P CARD PURCHASES - SEPT 2021	ACH	128,411.26
7800	10/07/2021	VECTIS DC LLC	GOVERNMENT RELATIONS & LOBBYING SERVICES - SEPT 2021	ACH	5,000.00
7801	10/07/2021	WALLACE & ASSOCIATES	ON-CALL INSPECTION SERVICES	ACH	8,968.00
7802	10/07/2021	WEBER WATER RESOURCES CA LLC	WEBER WATER RESOURCES	ACH	75,457.36
7803	10/07/2021	WEST YOST & ASSOCIATES, INC.	BASIN PLAN AMENDMENT SUPPORT FOR THE GMZ MAX BENEFIT SNMP	ACH	8,355.41
7804	10/07/2021	WESTERN MUNICIPAL WATER DIST	WATERSMART REBATES - AUG 2021	ACH	375.00
7805	10/14/2021	ACLARA TECHNOLOGIES LLC	BLUETOOTH PROGRAMMING PROBE	ACH	6,090.00
7806	10/14/2021	ACWA ASSOC OF CA WATER AGENCY	2022 ANNUAL AGENCY DUES	ACH	30,705.00
7807	10/14/2021	ADVANCED UTILITY SYSTEMS	CIS INFINITY MAINTENANCE SUPPORT – JUL & AUG 2021	ACH	12,000.00
7808	10/14/2021	AMERICAN LABOR POOL	TEMPORARY PERSONNEL	ACH	10,383.70
7809	10/14/2021	CAROLLO ENGINEERS	RISK REVIEW FOR THE RWRP EXPANSION PROJECT	ACH	5,993.75
7810	10/14/2021	ENTERPRISE FM TRUST	FLEET MAINTENANCE – OCT 2021	ACH	48,877.32
7811	10/14/2021	FORUM INFO - TECH INC.	SECURITY & SCADA SERVICE - OCT 2021	ACH	299.00
7812	10/14/2021	HACH COMPANY	INVENTORY SUPPLIES	ACH	2,154.94
7813	10/14/2021	HILL BROTHERS CHEMICAL CO	CHEMICALS	ACH	5,268.15
7814	10/14/2021	INFOSEND	BILLING PROCESSING	ACH	10,552.73
7815	10/14/2021	NORTHSTAR CHEMICAL	CHEMICALS	ACH	10,248.27
7816	10/14/2021	ONLINE INFORMATION SERVICES	CREDIT CHECK SERVICES - SEPT 2021	ACH	328.16
7817	10/14/2021	PARKHOUSE TIRE INC	TIRES	ACH	4,778.46
7818	10/14/2021	PIASCIK, MARK A	BOAT RENTAL & REPAIRS FOR LAKE AERATION PROJECT	ACH	200.00
7819	10/14/2021	PINNACLE PETROLEUM INC	UNLEADED & DIESEL FUEL	ACH	23,814.80
7820	10/14/2021	RUTAN & TUCKER, LLP	LEGAL SERVICE - BARTON RD LOGISTICS PROJECT	ACH	6,718.39
7821	10/14/2021	STANLEY CONVERGENT SECURITY	SECURITY & SCADA SERVICE - OCT 2021	ACH	99.93



Payment Ratification Report

Cash Disbursements for 10/01/2021 through 10/14/2021

Check or Reference #	Payment Date	Paid to Vendor	Payment Description	Pmt Type	Payment Amount
7822	10/14/2021	SUDWEEKS CONSTRUCTION INC	ADMINISTRATIVE BUILDING UPGRADES - CIVIL & ARCHITECTURAL IMP	ACH	214,852.00
7823	10/14/2021	SYSTEMS INTEGRATED LLC	MAINTENANCE - OCT 2021	ACH	14,810.00
7824	10/14/2021	TRI COUNTY PUMP COMPANY	PUMP REPAIRS AT SKY MEADOWS	ACH	51,827.56
7825	10/14/2021	TRL SYSTEMS	RWRF EXPANSION & IMPROVEMENT PROJECT	ACH	7,091.61
7826	10/14/2021	WATER ONE	MONTHLY WATER TREATMENT SERVICE - SEPT 2021	ACH	325.00
CHECKS					
249298	10/07/2021	ACWA JOINT POWERS INS AUTH	HEALTH/VISION COVERAGE - NOV 2021	CHECK	6,223.12
249299	10/07/2021	BEARCOM	RADIO EQUIPMENT IMPROVEMENTS & LICENSING, SUPPLIES	CHECK	7,179.28
249300	10/07/2021	BURKE, DARCY	TRAVEL EXPENSE REIMBURSEMENT	CHECK	62.16
249301	10/07/2021	COUNTY OF RIVERSIDE	ENCROACHMENT PERMIT - AUG 2021	CHECK	803.99
249322	10/07/2021	GAGE CANAL CO INC	CARRYING RIGHTS FOR THE MONTH OF OCTOBER 2021	CHECK	5,000.00
249323	10/07/2021	GREATAMERICA FINANCIAL SERVICE	COPIER LEASE - SEPT 2021	CHECK	2,479.54
249324	10/07/2021	PSOMAS	PECK & CHESTNUT STREET SANITARY SEWER REPLACEMENT	CHECK	2,675.00
249325	10/07/2021	R.S. HUGHES CO INC	3M FALL SAFETY COUNTERWEIGHT CART BASE	CHECK	6,538.74
249326	10/07/2021	RAYNE WATER CONDITIONING INC	DEIONIZED WATER SERVICE - OCT 2021	CHECK	68.50
249327	10/07/2021	ROGERS, ANDERSON, MALODY & SCO	FISCAL YEAR ENDED JUNE 30, 2021 AUDIT - PROGRESS BILLING	CHECK	6,660.00
249328	10/07/2021	SOUTHERN CALIFORNIA EDISON	ELECTRICITY - SEPT 2021	CHECK	193,340.04
249329	10/07/2021	SPRINT SPECTRUM L.P.	INTERNET SERVICE IN COLTON AREA FOR SCADA - OCT 2021	CHECK	254.19
249330	10/07/2021	UNIVERSAL WASTE SYSTEMS INC	WASTE ACTIVATED SLUDGE HAULING - SEPT 2021	CHECK	15,312.00
249331	10/07/2021	WASTE MANAGEMENT	RUBBISH SERVICE - OCT 2021	CHECK	121.82
249332	10/07/2021	WATER SYSTEMS CONSULTING, INC.	WATER MODEL UPDATE AND ON-CALL SERVICES	CHECK	12,163.75
249333	10/07/2021	WATERTALENT	TEMPORARY PERSONNEL - SEPT 2021	CHECK	4,480.00
249334	10/14/2021	ACWA JOINT POWERS INS AUTH	DAM FAILURE-COVERAGE 10/1/21-09/30/22	CHECK	54,198.00
249335	10/14/2021	ACWA JOINT POWERS INS AUTH	WORKER'S COMP PREMIUM 07/01/21 - 09/30/21	CHECK	96.83
249336	10/14/2021	AIRGAS USA, LLC	CYLINDER RENTAL - AUG 2021	CHECK	115.20
249337	10/14/2021	AT&T MOBILITY	WIRELESS INVOICE - OCT 2021	CHECK	9,110.20
249338	10/14/2021	CORE & MAIN LP	INVENTORY SUPPLIES	CHECK	4,693.94
249358	10/14/2021	ENTERPRISE FM TRUST	SECURITY COVER FOR UTILITY BED	CHECK	1,015.73
249359	10/14/2021	FEDERAL EXPRESS CORPORATION	DELIVERY SERVICE	CHECK	102.55
249360	10/14/2021	FLOW SCIENCE INCORPORATED	SKYMEADOWS BPS FAILURE	CHECK	5,724.60
249361	10/14/2021	FRONTIER CALIFORNIA INC.	REMOTE PHONE LINES INCLUDING EQUIPMENT ALARMS	CHECK	626.94
249362	10/14/2021	GEOSCIENCE	HYDROGEOLOGY ON-CALL SUPPORT SERVICES	CHECK	7,087.75
249363	10/14/2021	GHD INC	PERFORM SPECIFIC TASKS FOR THE COMPREHENSIVE (AMP)	CHECK	6,813.65
249364	10/14/2021	LINCOLN NATL LIFE INS COMP	LIFE/AD&D/LTD INSURANCE OCT 2021	CHECK	42.04



Payment Ratification Report

Cash Disbursements for 10/01/2021 through 10/14/2021

Check or Reference #	Payment Date	Paid to Vendor	Payment Description	Pmt Type	Payment Amount
249365	10/14/2021	MCCROMETER INC	ULTRA MAG METERS	CHECK	16,914.84
249366	10/14/2021	SPT-AREP III TUSCANY ASSOC LLC	PLANNING DEPOSIT REFUND – TUSCANY VALLEY	CHECK	6,895.17
249367	10/14/2021	SPT-AREP III TUSCANY ASSOC LLC	PLANNING DEPOSIT REFUND – TUSCANY CREST	CHECK	6,991.21
249368	10/14/2021	PACIFIC PIPELINE SUPPLY	PIPELINE MATERIALS	CHECK	1,742.18
249369	10/14/2021	RAIN FOR RENT	PUMP RENTAL	CHECK	7,111.84
249370	10/14/2021	ROCKWELL CONSTRUCTION SERVICES	ON-CALL ELECTRICAL	CHECK	320.00
249371	10/14/2021	RYAN, HARVEY R	TRAVEL EXPENSES	CHECK	0.00
249372	10/14/2021	SANTA ROSA RGNL RES AUTHORITY	CIP PROJECTED EXP FY 2021-2022 - 2ND QTR	CHECK	268,459.23
249373	10/14/2021	SO CAL GAS	GAS SERVICE - SEPT 2021	CHECK	2,679.66
249374	10/14/2021	SOLENIS	CHEMICALS	CHECK	11,206.69
249375	10/14/2021	SOUTH COAST A Q M D	AQMD PERMITS - ANNUAL RENEWAL FEES	CHECK	1,165.48
249376	10/14/2021	SOUTH COAST WATER	1040 MB DI USAGE	CHECK	40.00
249377	10/14/2021	SOUTH COAST WATER	WATER SOFTENER	CHECK	415.00
249378	10/14/2021	SOUTHERN CALIFORNIA EDISON	ELECTRIC SERVICE - SEPT 2021	CHECK	62,958.70
249379	10/14/2021	SUPERIOR READY MIX CONCRETE LP	CONCRETE, CONCRETE SLURRY & DELIVERY	CHECK	1,307.26
249380	10/14/2021	TFORCE FREIGHT	FREIGHT DELIVERY SERVICE - SEPT 2021	CHECK	530.10
249381	10/14/2021	TPX COMMUNICATIONS	MAIN DISTRICT PHONE LINES & INTERNET – OCT 2021	CHECK	13,651.02
249382	10/14/2021	VS TOOLING	LABOR TO FABRICATE PUMP MOUNTING BRACKET	CHECK	215.00
249383	10/14/2021	WATEREUSE ASSOCIATION	BACKEND MEMBERSHIP INVOICE CREATOR	CHECK	4,042.50
249384	10/14/2021	WATERTALENT	TEMPORARY PERSONNEL - SEPT 2021	CHECK	3,584.00
249386	10/14/2021	CITY OF CANYON LAKE	SEPTEMBER 2021 UTILITY TAX	CHECK	26,344.32
REFUNDS/REBATES					
249302	10/07/2021	NORMAN COOK	CUSTOMER REFUNDS	CHECK	179.27
249303	10/07/2021	ALBERT CELESTE	CUSTOMER REFUNDS	CHECK	73.56
249304	10/07/2021	NOEL VARGAS	CUSTOMER REFUNDS	CHECK	43.50
249305	10/07/2021	KAORI TAKAYAMA	CUSTOMER REFUNDS	CHECK	40.06
249306	10/07/2021	JOHN MCCLLOUD	CUSTOMER REFUNDS	CHECK	90.54
249307	10/07/2021	RAFAEL TORRES	CUSTOMER REFUNDS	CHECK	224.90
249308	10/07/2021	LETICIA CERVANTES	CUSTOMER REFUNDS	CHECK	93.97
249309	10/07/2021	KELLY JAMES	CUSTOMER REFUNDS	CHECK	33.87
249310	10/07/2021	MARCOS FLORES	CUSTOMER REFUNDS	CHECK	1,387.98
249311	10/07/2021	LANXING INVESTMENT LLC	CUSTOMER REFUNDS	CHECK	135.86
249312	10/07/2021	RONALD BERRY	CUSTOMER REFUNDS	CHECK	106.60



Payment Ratification Report

Cash Disbursements for 10/01/2021 through 10/14/2021

Check or Reference #	Payment Date	Paid to Vendor	Payment Description	Pmt Type	Payment Amount
249313	10/07/2021	ABDUL TAUFIQ	CUSTOMER REFUNDS	CHECK	88.70
249314	10/07/2021	ANTONIO ESTRADA	CUSTOMER REFUNDS	CHECK	166.49
249315	10/07/2021	BASSAM ALSALEK	CUSTOMER REFUNDS	CHECK	49.41
249316	10/07/2021	JENNY NOVIELLI	CUSTOMER REFUNDS	CHECK	103.52
249317	10/07/2021	EMILY FLORES	CUSTOMER REFUNDS	CHECK	37.19
249318	10/07/2021	SERGIO ORTIZ	CUSTOMER REFUNDS	CHECK	480.86
249319	10/07/2021	CONNY MEYLING	CUSTOMER REFUNDS	CHECK	136.22
249320	10/07/2021	CYNTHIA HILTON	CUSTOMER REFUNDS	CHECK	218.57
249321	10/07/2021	SUKUT CONSTRUCTION LLC	CUSTOMER REFUNDS	CHECK	1,395.32
249339	10/14/2021	LAURI TYRE	CUSTOMER REFUNDS	CHECK	249.42
249340	10/14/2021	STANLEY ASTON	CUSTOMER REFUNDS	CHECK	174.52
249341	10/14/2021	NICOLAS AGUILAR ORTIZ	CUSTOMER REFUNDS	CHECK	111.04
249342	10/14/2021	KHANH LY DUONG	CUSTOMER REFUNDS	CHECK	104.42
249343	10/14/2021	CARLOS FRIAS	CUSTOMER REFUNDS	CHECK	229.95
249344	10/14/2021	A COSTA	CUSTOMER REFUNDS	CHECK	143.75
249345	10/14/2021	DIANE DANGLEIS	CUSTOMER REFUNDS	CHECK	23.78
249346	10/14/2021	JAMES SMEDLEY	CUSTOMER REFUNDS	CHECK	109.11
249347	10/14/2021	GORDON GREENWALT	CUSTOMER REFUNDS	CHECK	68.81
249348	10/14/2021	MARY WOLF	CUSTOMER REFUNDS	CHECK	63.09
249349	10/14/2021	JONATHAN LEIGHTON	CUSTOMER REFUNDS	CHECK	93.03
249350	10/14/2021	KRISTI HALL	CUSTOMER REFUNDS	CHECK	14.21
249351	10/14/2021	MICHAEL TAYLOR	CUSTOMER REFUNDS	CHECK	132.36
249352	10/14/2021	KAYLA PAYNE	CUSTOMER REFUNDS	CHECK	81.19
249353	10/14/2021	ESMERALDA VILLASENOR	CUSTOMER REFUNDS	CHECK	130.24
249354	10/14/2021	SOCIAL WORK ACTION GROUP (SWAG)	CUSTOMER REFUNDS	CHECK	73.87
249355	10/14/2021	MARSCA PROPERTIES	CUSTOMER REFUNDS	CHECK	144.91
249356	10/14/2021	BRENDA YANOSCHIK	CUSTOMER REFUNDS	CHECK	1,155.00
249357	10/14/2021	V. LOPEZ JR. AND SONS INC.	CUSTOMER REFUNDS	CHECK	1,101.78




Print Date: 10/19/2021

Payment Ratification Report

Cash Disbursements for 10/01/2021 through 10/14/2021

Check or Reference #	Payment Date	Paid to Vendor	Payment Description	Pmt Type	Payment Amount
WIRE TRANSFERS					
0184040352	10/07/2021	CALIF STATE TAXES	PAYROLL TAXES - PAY PERIOD 2021-10-07 BOD	WIRE	61.87
680002121	10/06/2021	WESA GENERAL CHECKING	PMT OF PERSONNEL SVCS FOR SEPT 2021	WIRE	2,137,179.70
73507	10/07/2021	FEDERAL TAX PAYMENTS	PAYROLL TAXES - PAY PERIOD 2021-10-07 BOD	WIRE	435.72
73507-2	10/07/2021	FICA WITHHELD	PAYROLL TAXES - PAY PERIOD 2021-10-07 BOD	WIRE	1,495.51
VIRTUAL PAYMENT PROGRAM					
365	10/07/2021	APPLE ONE INC	TEMPORARY PERSONNEL	VIRTUAL	8,473.36
366	10/07/2021	CUES INC	ANNUAL SOFTWARE RENEWAL FOR GRANITENET SUPPORT PLAN	VIRTUAL	2,850.00
367	10/07/2021	FIRST CHOICE SERVICES	COFFEE SUPPLIES	VIRTUAL	815.77
368	10/07/2021	RIGHTWAY SITE SERVICES INC	PORTA-POTTY RENTAL	VIRTUAL	113.63
369	10/07/2021	UNDERGROUND SERVICE ALERT	UNDERGROUND UTILITY ALERT	VIRTUAL	1,033.20
370	10/14/2021	ALVAREZ ENTERPRISE SERVICE	JANITORIAL SERVICE - SEPT 2021	VIRTUAL	5,534.00
371	10/14/2021	AMERICAN MAILING PRINTING INC	WATER QUALITY POSTCARDS POSTAGE	VIRTUAL	5,639.77
372	10/14/2021	AMERICAN MATERIAL CO	BUILDING, ELECTRICAL & SMALL TOOLS	VIRTUAL	2,658.27
373	10/14/2021	ANIMAL PEST MANAGEMENT SERVICES INC	PEST CONTROL - SEPT 2021	VIRTUAL	420.00
374	10/14/2021	APPLE ONE INC	TEMPORARY PERSONNEL	VIRTUAL	6,707.36
375	10/14/2021	AQUA METRIC SALES COMPANY	METERS	VIRTUAL	14,542.19
376	10/14/2021	CINTAS CORPORATION	MATS, TOWELS & JANITORIAL SUPPLIES	VIRTUAL	1,057.04
377	10/14/2021	EVOLUTION MECHANICAL	REPAIR CHILLER 2	VIRTUAL	1,004.25
378	10/14/2021	HODGE PRODUCTS INC	INVENTORY PAD LOCKS	VIRTUAL	4,315.07

Reviewed By: 
 Date: 10/19/2021



Elsinore Valley Municipal Water District

Our Mission...

EVMWD will provide reliable, cost-effective, high quality water and wastewater services that are dedicated to the people we serve.

DATE: October 28, 2021

TO: Board of Directors

FROM: General Manager

SUBJECT: CONSIDER APPROVAL OF A PUBLIC WORKS CONTRACT WITH KAY CONSTRUCTION FOR THE PECK AND CHESTNUT STREET SEWER REPLACEMENT PHASE 2 PROJECT

STRATEGIC GOAL

Infrastructure

RECOMMENDATION

The General Manager and staff recommend that the Board of Directors:

1. Approve a Public Works Contract with Kay Construction in the amount of \$1,600,072.00;
2. Authorize \$8,000.00 for overhead and \$46,605.00 for staff time;
3. Authorize the total expenditure in the amount of \$1,654,677.00 to the Capital Improvement Program, with funding provided from the Redevelopment Program and the City of Lake Elsinore per Amendment No. 1 to the Cooperative Funding Agreement; and,
4. Authorize the General Manager to execute the appropriate documents on behalf of EVMWD.

BACKGROUND

The existing sewer collection system serving the downtown City of Lake Elsinore is one of the oldest (over 100 years old) and most challenging areas to maintain. The aging collection system is exhibiting structural deterioration and failures, root intrusions, and constant grease buildup issues, which require constant maintenance. Under normal circumstances the collection system should be cleaned once every five years, but due to the significant issues in the downtown sewer collection system, cleaning is required once every two years. Performing sewer system improvements in the downtown area is essential to minimize the potential for future blockages and sanitary sewer overflows. This will also reduce operations and maintenance costs for the District. Approximately 9,700 linear feet of sewer main has been upgraded in the downtown area since 2005.

On July 28, 2017, the Board of Directors awarded a Professional Services Agreement to Psomas for design services. During the design process, the District elected to separate construction into two phases to accommodate construction sequencing and customer needs. The two phased project includes the following:

Phase 1

- Rehabilitation of approximately 980 linear feet (LF) of existing 8-inch vitrified clay pipe (VCP) in the alley west of Main Street (between Graham Avenue and Franklin Street) utilizing the cured-in-place pipe liner method. Construction of Phase 1 was completed in May 2020.

Phase 2

- Installation of approximately 2,800 LF of new 8-inch sewer main along Peck Street, Chestnut Street, and in the alleys east of Dutton Street and north of Franklin Street.

As a part of the Phase 2 sewer replacement effort, the District and City of Lake Elsinore (City) collaborated to incorporate street improvements along portions of Peck Street, Chestnut Street, and an alley located south of Graham Avenue and west of Chestnut Street. The District and City have in the past and continue to complete joint projects to minimize impacts to residents.

On September 28, 2021, the City Council approved Amendment No. 1 to the Cooperative Funding Agreement (Agreement) executed on June 1, 2021. The Cooperative Funding Agreement reimburses the District for the City's portion of the street improvements. Amendment No. 1 was executed to increase the City's reimbursement amount to account for increased project costs. The City is responsible for reimbursing the District for approximately 69% of the total street improvement costs estimated at a not to exceed amount of \$623,833.87.

The District consultant, Psomas, prepared the design for the replacement of the sewer mains on this project. The street improvement design was prepared by the City of Lake Elsinore. The bid package was finalized in August 2021.

On July 22, 2021, the Board of Directors awarded a Professional Services Agreement to Infrastructure Engineering Corporation for Construction Management and Observation Services for the Peck and Chestnut Street Sewer Replacement – Phase 2 Project.

On March 4, 2021, the District executed under the General Manager's authority a Professional Services Agreement with Alliance Outreach for public relations and outreach services. The District and City are planning a combined public outreach event

in October 2021 to update the community about the project. Continued public outreach will be required throughout the project duration.

The Project was advertised for bid on August 11, 2021 via Planet Bids. On September 7, 2021, five prequalified bidders submitted bids by the deadline as follows:

Kay Construction	\$1,600,072.00
C.P. Construction Co., Inc.	\$1,916,349.00
Downing Construction, Inc.	\$1,981,285.00
Weka, Inc.	\$2,680,577.00
T.E. Roberts, Inc.	\$3,147,062.00

Staff performed a detailed review of the bid documents and checked references. Based on staff's analysis, Kay Construction is determined to be the lowest, responsive, and responsible bidder.

Staff presented this item at the October 4, 2021 Engineering and Operations Committee Meeting. After careful review, Committee and staff recommend award of a Public Works Contract with Kay Construction in the amount of \$1,600,072.00. This item, including overhead of \$8,000.00, as well as staff time (198 hours) & fringe benefits of \$46,605.00, totals \$1,654,677.00.

ENVIRONMENTAL WORK STATUS

Upon approval, staff plans to file a Notice of Exemption with the State Clearinghouse as this project is categorically exempt from CEQA requirements as an activity involving replacement or reconstruction of an existing facility (15301, 15302).

FISCAL IMPACT

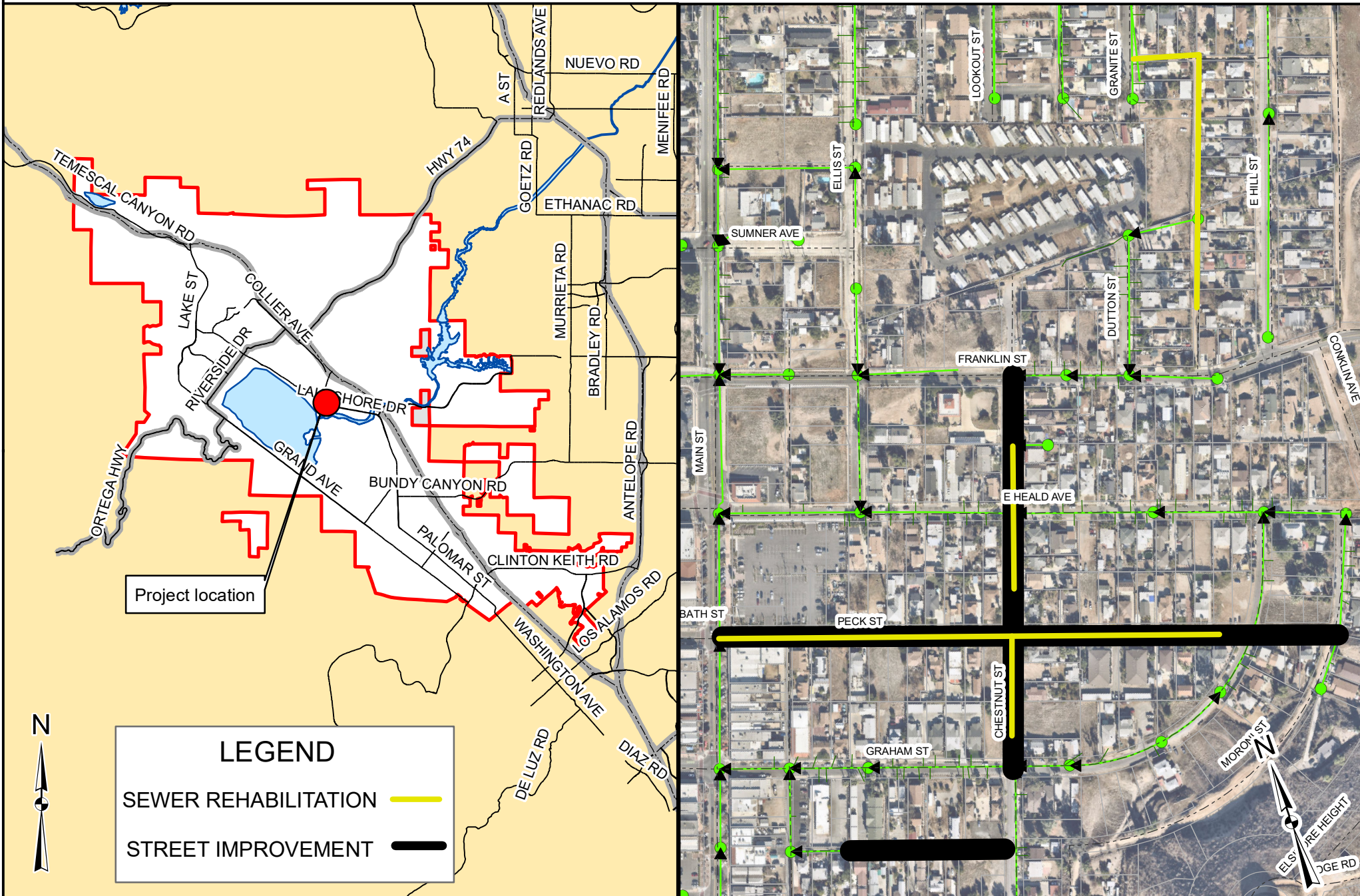
Within Budget – Yes.

Originated by: Jason Dafforn – Engineering
Reviewed by: Scott Thompson / Natalee Dee – Finance
Margie Armstrong – Strategic Programs

Attachments:
Signed Contract – Kay Construction
Location Map

EVMWD

Peck & Chestnut Street Sewer Replacement - Phase 2 Project



00 52 13 – CONTRACT

This CONTRACT, No. 1063 is made and entered into this ____ day of _____, _____, by and between Elsinore Valley Municipal Water District, sometimes hereinafter called "District," and Kay Construction, sometimes hereinafter called "Contractor."

WITNESSETH: That the parties hereto have mutually covenanted and agreed, and by these presents do covenant and agree with each other as follows:

a. **SCOPE OF WORK.** The Contractor shall perform all Work within the time stipulated in the Contract, and shall provide all labor, materials, equipment, tools, utility services, and transportation to complete all of the Work required in strict compliance with the Contract Documents as specified in Article 5, below, for the following Project:

Peck and Chestnut Street Sewer Replacement – Phase 2

The Contractor and its surety shall be liable to the District for any damages arising as a result of the Contractor's failure to comply with this obligation.

b. **TIME FOR COMPLETION.** Time is of the essence in the performance of the Work. The Work shall be commenced on the date stated in the District's Notice to Proceed. The Contractor shall complete all Work required by the Contract Documents within 180 calendar days from the commencement date stated in the Notice to Proceed. By its signature hereunder, Contractor agrees the time for completion set forth above is adequate and reasonable to complete the Work.

c. **CONTRACT PRICE.** The District shall pay to the Contractor as full compensation for the performance of the Contract, subject to any additions or deductions as provided in the Contract Documents, and including all applicable taxes and costs, the sum of One Million Six Hundred Thousand Seventy-Two Dollars (\$1,600,072.00). Payment shall be made as set forth in the General Conditions.

d. **LIQUIDATED DAMAGES.** In accordance with Government Code section 53069.85, it is agreed that the Contractor will pay the District the sum set forth in Section 00 73 13, Article 1.11 for each and every calendar day of delay beyond the time prescribed in the Contract Documents for finishing the Work, as Liquidated Damages and not as a penalty or forfeiture. In the event this is not paid, the Contractor agrees the District may deduct that amount from any money due or that may become due the Contractor under the Contract. This Article does not exclude recovery of other damages specified in the Contract Documents.

e. **COMPONENT PARTS OF THE CONTRACT.** The "Contract Documents" include the following:

- Notice Inviting Bids
- Instructions to Bidders
- Bid Form
- Bid Bond
- Designation of Subcontractors
- Information Required of Bidders
- Non-Collusion Declaration Form

Iran Contracting Act Certification
Public Works Contractor Registration Certification
Performance Bond
Payment (Labor and Materials) Bond
General Conditions
Special Conditions
Technical Specifications
Addenda
Plans and Drawings
Elsinore Valley Municipal Water District, "Standard Specifications and Drawings," as last revised
Standard Specifications for Public Works Construction "Greenbook", latest edition, Except Sections 1-9
Standard Plans for Public Works Construction, latest edition
Applicable Local Agency Standards and Specifications, as last revised
Approved and fully executed change orders
Any other documents contained in or incorporated into the Contract

The Contractor shall complete the Work in strict accordance with all of the Contract Documents.

All of the Contract Documents are intended to be complementary. Work required by one of the Contract Documents and not by others shall be done as if required by all. This Contract shall supersede any prior agreement of the parties.

f. **PROVISIONS REQUIRED BY LAW AND CONTRACTOR COMPLIANCE.** Each and every provision of law required to be included in these Contract Documents shall be deemed to be included in these Contract Documents. The Contractor shall comply with all requirements of applicable federal, state and local laws, rules and regulations, including, but not limited to, the provisions of the California Labor Code and California Public Contract Code which are applicable to this Work.

g. **INDEMNIFICATION.** Contractor shall provide indemnification and defense as set forth in the General Conditions.

h. **PREVAILING WAGES.** Contractor shall be required to pay the prevailing rate of wages in accordance with the Labor Code which such rates shall be made available at the District's Administrative Office or may be obtained online at <http://www.dir.ca.gov> and which must be posted at the job site.

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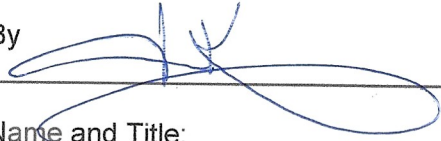
IN WITNESS WHEREOF, this Contract has been duly executed by the above-named parties, on the day and year above written.

Kay Construction

**ELSINORE VALLEY MUNICIPAL
WATER DISTRICT**

Name of Contractor

By



By _____

Greg Thomas
General Manager

Name and Title:

Jon Kay, Owner

Date:

License No.

648223

Date:

September 17, 2021

**(CONTRACTOR'S SIGNATURE MUST BE
NOTARIZED AND CORPORATE
SEAL AFFIXED, IF APPLICABLE)**

Approved as to form this _____ day of _____ 20____.

Attorney for Elsinore Valley Municipal Water
District

END OF CONTRACT

Notary Acknowledgment

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
 COUNTY OF San Diego

On Sept 17, 2021, before me, Julie D. Walker, Notary Public, personally appeared Jon Kay, who proved to me on the basis of satisfactory

evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Julie D. Walker

OPTIONAL

Though the information herein is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
- Corporate Officer

Contract

 Title(s)

 Title or Type of Document

- Partner(s)
 - Limited
 - General

 Number of Pages

- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other:

 Date of Document

Signer is representing:
 Name Of Person(s) Or Entity(ies)

 Signer(s) Other Than Named Above



Our Mission...

The EVMWD team delivers total water management that powers the health and vibrancy of its communities so life can flourish.

DATE: October 28, 2021

TO: Board of Directors

FROM: General Manager

SUBJECT: CONSIDER ADOPTION OF RESOLUTION FOR ACCEPTANCE OF A FUNDING AGREEMENT ISSUED BY THE STATE WATER RESOURCES CONTROL BOARD (SWRCB) FOR THE REGIONAL WATER RECLAMATION FACILITY EXPANSION PROJECT (PROJECT NO. 8462-110)

STRATEGIC GOAL

Financial Management

RECOMMENDATION

The General Manager and staff recommend that the Board of Directors:

1. Adopt a resolution accepting the terms and conditions as outlined in the funding agreement; and,
2. Authorize the General Manager and President of the Board of Directors to execute the appropriate documents on behalf of EVMWD.

BACKGROUND

In 2019, the District was awarded funds for the planning and design of the Regional Water Reclamation Facility Expansion Project under the SWRCB Clean Water State Revolving Fund (CWSRF) program. The District also submitted an application for grant funds in the amount of \$129,860,229 in low interest loans (0.9% interest rate), under a competitive application process through the CWSRF program. In late 2020, the District was informed the Regional Expansion Construction Project was accepted and selected for award.

The State Water Resources Control Board (SWRCB) and the Regional Water Quality Control Board (RWQCB) require the planning and implementation of expansion activities to prevent the plant from operating at or above capacity when a treatment plant is determined to be within four years of reaching its design capacity. The Regional Water Reclamation Facility (RWRF) is currently operating at about 75% of capacity, and

planned development in the region will increase wastewater generation and plant influent flow.

The RWRf provides for the tertiary treatment of wastewater generated within the EVMWD service area to produce recycled water for application within EVMWD's service area which includes the Cities of Lake Elsinore, Wildomar, and Murrieta, and portions of unincorporated Riverside County.

The purpose of the RWRf Expansion Project is to provide adequate infrastructure to meet wastewater treatment and recycled water demands in EVMWD's service area through 2030, based on the 2008 Recycled Water Master Plan and the 2016 Regional Facility Expansion Master Plan. The RWRf was constructed in 1985 and subsequently expanded in 1988 and then between 2000 and 2003. The existing facility currently has a capacity of 8.0 million gallons per day (mgd) to produce screened, secondary treated, and tertiary treated recycled water. Under this project, EVMWD is proposing a 4.0 mgd expansion of the RWRf to meet its service area's recycled water demands as well as its treatment requirements and goals.

ENVIRONMENTAL WORK STATUS

The environmental documents have been completed since July 2018.

FISCAL IMPACT

The final award amount of \$129,860,229 is a low interest loan (0.9% interest rate) to be repaid over a 30-year term. Should the District have had to issue debt, the principal and interest payments would have been roughly \$198.7 million dollars over a 30-year term. The low interest loan will incur principal and interest payments of roughly \$148.6 million, a savings of approximately \$50.1 million dollars to the District.

Originated by: Serena Johns – Grant Administration

Reviewed by: Scott Thompson – Finance

Attachments:

Closing Resolution

Construction Installment Sale Agreement

ELSINORE VALLEY MUNICIPAL WATER DISTRICT

RESOLUTION NO. 21-10-xx

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ELSINORE VALLEY MUNICIPAL WATER DISTRICT AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A CONSTRUCTION INSTALLMENT SALE AGREEMENT WITH THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Elsinore Valley Municipal Water District, a municipal water district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "District"), is authorized under provisions of the Constitution and laws of the State of California, and in accordance therewith, to incur indebtedness; and

WHEREAS, the District has applied for and obtained a loan from the California State Water Resources Control Board (the "State Water Board") under the State Revolving Fund Program (the "SRF Loan") to provide the funds needed to pay for its regional water reclamation facility expansion project (the "Project"); and

WHEREAS, in connection with the SRF Loan, the District must enter into a Construction Installment Sale Agreement ("ISA") with the State Water Board; and

WHEREAS, there has been presented to this meeting the Construction Installment Sale Agreement for Project No. 8462-110 between the District and the State Water Board (the "ISA"); and

WHEREAS, the ISA is necessary to accomplish the completion and funding of the SRF Loan and eventual distribution of loan proceeds to the District to fund the Project; and

WHEREAS, Section 5852.1 of the Government Code of the State of California ("Section 5852.1") provides that the District obtain from an underwriter, financial advisor or private lender and disclose, in a meeting open to the public, prior to authorization of the SRF Loan and the execution of the ISA, good faith estimates of: (a) the true interest cost of the SRF Loan, (b) the finance charge of the SRF Loan, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the SRF Loan received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the SRF Loan and (d) the sum total of all debt service payments on the SRF Loan calculated to the final maturity of the SRF Loan plus the fees and charges paid to third parties not paid with the proceeds of the SRF Loan; and

WHEREAS, in accordance with Section 5852.1, the District has attached a copy of the ISA as Exhibit A attached hereto from the State Water Board, the private lender, to comply with Section 5852.1; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the entering into of the documents described above.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ELSINORE VALLEY MUNICIPAL WATER DISTRICT, AS FOLLOWS:

Section 1. The District hereby specifically finds and declares that the statements, findings and determinations of the District set forth in the preambles of the documents approved herein are true and correct.

Section 2. The ISA is hereby approved and each of the President, the General Manager, and their written designees (each an "Authorized Officer" and together, the "Authorized Officers"), acting alone, is hereby authorized and directed to execute and deliver the ISA in the name of and on behalf of the District, in substantially the form now before this meeting, but with such changes, modifications, additions and deletions therein as shall be deemed necessary, desirable or appropriate by the Authorized Officer or Authorized Officers. Approval of any such changes, modifications, additions and deletions shall be conclusively evidenced by the execution and delivery of the ISA by one or more Authorized Officers.

Section 3. Each Authorized Officer is hereby appointed as an authorized officer of the District for all purposes required by the ISA, and such Authorized Officers are hereby authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the foregoing actions.

Section 4. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and to effectuate the SRF Loan and the ISA. Such actions heretofore taken by an Authorized Officer are hereby ratified, confirmed and approved.

Section 5. This Resolution shall take effect immediately upon its passage.

APPROVED, ADOPTED AND SIGNED this 28th day of October, 2021

APPROVED:

Phil Williams, President of the
Board of Directors of the
Elsinore Valley Municipal Water District

ATTEST:

Terese Quintanar, Secretary of the
Board of Directors of the
Elsinore Valley Municipal Water District

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE)

I, Terese Quintanar, Secretary of the Board of Directors of Elsinore Valley Municipal Water District, do hereby certify that the foregoing Resolution No. _____, was duly adopted by said Board at its Regular Meeting held on _____, 2021, and that it was so adopted by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Terese Quintanar, Secretary of the
Board of Directors of the
Elsinore Valley Municipal Water District

EXHIBIT A



CLEAN WATER

ELSINORE VALLEY MUNICIPAL WATER DISTRICT
AND
CALIFORNIA STATE WATER RESOURCES CONTROL BOARD



CONSTRUCTION INSTALLMENT SALE AGREEMENT

REGIONAL WATER RECLAMATION FACILITY (WRF) EXPANSION PROJECT NO. 8462-110

AGREEMENT NO. SWRCB0000000000D2001048

PROJECT FUNDING AMOUNT: \$129,860,229
ESTIMATED REASONABLE PROJECT COST: \$129,860,229

ELIGIBLE WORK START DATE: SEPTEMBER 1, 2020
ELIGIBLE CONSTRUCTION START DATE: APRIL 1, 2021

CONSTRUCTION COMPLETION DATE: SEPTEMBER 30, 2024
FINAL DISBURSEMENT REQUEST DATE: MARCH 28, 2025
FINAL PAYMENT DATE: SEPTMEBER 30, 2054
RECORDS RETENTION END DATE: SEPTEMBER 30, 2060

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AGREEMENT

1. AUTHORITY.

- (a) The State Water Resources Control Board (State Water Board) is authorized, and implements its authority, to provide financial assistance under this Agreement pursuant to Section 13475 et seq. of the Water Code, and Resolution Nos. 2019-0064 and 2021-0021.
- (b) The Recipient is authorized to enter into this Installment Sale Agreement (Agreement) pursuant to Resolution No. 18-09-02.

2. INTENTION.

- (a) The Recipient desires to receive financial assistance for and undertake work required for the wastewater construction Project according to the terms and conditions set forth in this Agreement.
- (b) The State Water Board proposes to assist in providing financial assistance for eligible costs of the Project in the amount set forth in Exhibit B, according to the terms and conditions set forth in this Agreement, with the expectation that the Recipient shall repay all of the financial assistance to the State Water Board.
- (c) The Recipient intends to evidence its obligation to submit Payments to the State Water Board and secure its obligation with Net Revenues of its water and wastewater 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 bond counsel and general counsel satisfactory to the State Water Board's counsel dated on or after the date that the Recipient signs this Agreement.

(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, which are the basis for the construction contract to be awarded by the Recipient;
- ii. the Waste Discharge Requirement Order No. R8-2013-0017 and National Pollutant Discharge Elimination System Permit No. CA000027;
- iii. the Recipient’s Reimbursement Resolution No. 18-09-04 dated September 27, 2018;
- iv. the Recipient’s Tax Questionnaire dated November 30, 2020;
- v. the Davis-Bacon requirements found at:

https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/davisbacon/davis-bacon_2021_cwsrf-governmental_entities_public.pdf.

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

4. PARTY CONTACTS

State Water Board		Elsinore Valley Municipal Water District	
Section:	Division of Financial Assistance		
Name:	Melky Calderon	Name: Greg Thomas	Title: General Manager
Address:	1001 I Street, 16 th Floor	Address:	31315 Chaney Street
City, State, Zip:	Sacramento, CA 95814	City, State, Zip:	Lake Elsinore, CA 92530
Phone:	(916) 341-5646	Phone:	(951) 674-3416
Email:	Melky.Calderon@waterboards.ca.gov	Email:	gthomas@evmwd.net

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.

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

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

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

"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.

"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.

"Financing Authority" shall refer to Elsinore Valley Municipal Water District Financing Authority.

"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).

"Master Resolution" means Resolution No. 1108 of the Board of Directors of the Elsinore Valley Municipal Water District Providing for the Allocation of Water and Sewer System Revenues and Establishing Covenants to Secure the Payment of Obligations Payable from New Water and Sewer Revenues adopted on September 9, 1992, as amended by First Supplemental Resolution No. 1111 of the Board of Directors of Elsinore Valley Municipal Water District adopted on September 23, 1992, Second Supplemental Resolution No. 00-03-08 of the Board of Directors of the Elsinore Valley Municipal Water District adopted on March 22, 2000.

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

"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 all costs paid or incurred by the Recipient for maintaining and operating the System, determined in accordance with GAAP, including all costs of water purchased or leased by the Recipient, and including all expenses of management and repair and other expenses necessary to maintain and preserve the System in good repair and working order, and including all administrative costs of the Recipient, such as salaries and wages of employees, overhead, taxes (if any), and insurance premiums, and including all other costs of the Recipient or charges required to be paid by it to comply with the terms hereof or of any resolution authorizing the execution of any parity obligations, such as compensation, reimbursement and indemnification of the trustee, seller, lender or lessor for any such parity obligations, and fees and expense of independent certified public accountants; but excluding, in all cases (1) depreciation, replacement, and obsolescence charges or reserves therefor and amortization of intangibles, premiums and discounts, (2) interest expense, and (3) amounts paid from sources other than Revenues.

"Parity Obligation" means a debt obligation of the Recipient on parity with this Obligation. The Recipient's Parity Obligations are these:

- the State Revolving Fund Local Match Loan Program Contract by and between the State Water Resources Control Board and Elsinore Valley Municipal Water District dated January 17, 2001 (Contract No. 99-817-550-0).
- the Installment Sale Agreement by and between Elsinore Valley Municipal Water District and California State Water Resources Control Board dated October 24, 2016 (Agreement No. D16-01009).
- the Planning Loan by and between Elsinore Valley Municipal Water District and California State Water Resources Control Board dated January 11, 2018 (Agreement No. D17-01018).
- the Planning Loan by and between Elsinore Valley Municipal Water District and California State Water Resources Control Board dated January 11, 2018 (Agreement No. D17-01019).
- the Installment Sale Agreement by and between the Elsinore Valley Municipal Water District and the Elsinore Valley Municipal Water District Financing Authority dated April 1, 2016 (Series 2016A).
- the Wastewater Capacity Funding Agreement dated as of August 1, 2017 by and between Santa Rosa Regional Resources Authority and Elsinore Valley Municipal Water District (Series 2017A & B).
- the Funding Agreement Pertaining to State Revolving Fund Loan from the California State Water Resources Control Board dated as of January 2, 2018 by and between the Santa Rosa Regional Resources Authority and Elsinore Valley Municipal Water District.
- the Installment Sale Agreement by and between Elsinore Valley Municipal Water District and California State Water Resources Control Board dated July 30, 2018 (Agreement No. D17-01029).

- the Installment Sale Agreement by and between Elsinore Valley Municipal Water District and California State Water Resources Control Board dated July 30, 2018 (Agreement No.: SWRCB000000000D190100500, Project No.: C-06-8336-11 0.
- The Installment Sale Agreement by and between the Elsinore Valley Municipal Water District and the Elsinore Valley Municipal Water District Financing Authority dated as of July 1, 2021 (Refunding Water Revenue Bonds, Series 2021A).

"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 Clean Water State Revolving Fund," as amended from time to time, including the Intended Use Plan in effect as of the execution date of this Agreement.

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

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

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

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

"Recipient" means Elsinore Valley Municipal Water District. In any provision of this Agreement relating to duties undertaken by the Financing Authority on behalf of Elsinore Valley Municipal Water District, the term "Recipient" shall also refer to the Financing Authority.

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

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

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

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

"Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the Recipient from the ownership or operation of the System, determined in accordance with GAAP, including all rates, fees, charges (including connection fees and standby or water availability charges) and business interruption insurance proceeds 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, and also including all income from the deposit or investment of any money in a fund established pursuant to the Master Resolution and available thereunder to pay Installment Payments, and also including benefit assessments and property taxes to the extent the proceeds of such assessments or taxes may be legally pledged to the payment of this Obligation, and also including

deposits from the Recipient's rate stabilization fund to the water and sewer revenue fund pursuant to the Master Resolution and less amounts transferred from the water and sewer revenue fund to the rate stabilization fund, but excluding 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 Clean 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, and refers to Contract No. 5-07-30-W0103, dated September 23, 1985, between the United States and Elsinore Valley Municipal Water District Under the Small Reclamation Projects Act.

"System" means (i) all property rights, contractual rights and facilities of the Recipient relating to water, including all facilities for the treatment, conservation, storage, transmission, and distribution of water now owned by the Recipient and all other properties, structures or works for the treatment, conservation, storage, transmission, and distribution of water and the generation and delivery of hydroelectric power in connection therewith hereafter acquired and constructed by the Recipient and determined by the Recipient to be a part of the System; and (ii) all property rights, contractual rights, and facilities of the Recipient relating to wastewater, including all facilities for the transporting, treating, neutralizing, stabilizing or disposing of wastewater now owned by the Recipient and all other properties, structures, or works for the transporting, treating, neutralizing, stabilizing, or disposing of wastewater hereafter acquired and constructed by or for the Recipient and determined by the Recipient 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 Net 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.

ELSINORE VALLEY MUNICIPAL WATER DISTRICT:

By: _____
Name: Greg Thomas
Title: General Manager

Date: _____

STATE WATER RESOURCES CONTROL BOARD:

By: _____
Name: Joe Karskoski
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 thirty (30) years.
- (c) Project Purpose and Description.

The funding under this Agreement shall be used to provide adequate infrastructure facilities to meet wastewater treatment plant demands in the Recipient's service area and benefits of the project include continued compliance with discharge permit requirements as future flow to Regional Water Reclamation Facility (WRF) increase.

(d) Scope of Work

The Recipient agrees to do the following:

The Regional WRF Expansion Project will provide facilities to expand treatment to capacity from 8 million gallons per day (MGD) to 12 MGD via addition of a new treatment train, The Regional WRF Expansion Project includes the following improvements:

- New membrane bioreactor (MBR) process for Train C that would operate in parallel to the Train A and Train B to produce filtered secondary effluent prior to disinfection
- Expansion of the influent pump station with new pumps, headworks screening and grit removal
- Upgrade existing odor control biofilters and expansion of biofilters
- Expansion of the Biosolids Building to accommodate additional dewatering systems
- New biosolids silo to store about 25 tons of sludge cake
- New pump station for Train A filters
- New ultraviolet (UV) light treatment system
- Storm water drainage facilities for newly planned processes
- A new mechanical maintenance building

A.2. STANDARD PROJECT REQUIREMENTS.

A.2.1 Acknowledgements.

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

"Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board. California's Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use."

A.2.2 Reports

A.2.2.1 Progress Reports.

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

(b) The Recipient must provide a progress report with each 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 Regional Water Board on or before the due date established by the Division and the Recipient at the time of final project inspection. The Project Completion Report must include the following:

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

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

A.2.2.3 As Needed Reports.

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

A.2.2.4 [Reserved.]

A.2.2.5 DBE Reports for SRF Projects.

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

A.2.3 Signage.

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



a.

b. "Funding for this Regional Water Reclamation Facility (WRF) Expansion Project has been provided in full or in part by the Clean Water State Revolving Fund through an agreement with the State Water Resources Control Board. California's Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds."

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

A.2.4 Commencement of Operations.

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

A.3 DATES & DELIVERABLES.

(a) Time is of the essence.

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

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

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

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

(e) The Recipient agrees to start construction no later than February 28, 2022.

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

EXHIBIT B – FUNDING TERMS

B.1. FUNDING AMOUNTS AND DISBURSEMENTS

B.1.1 Funding Contingency and Other Sources.

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

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

B.1.2 Estimated Reasonable Cost.

The estimated reasonable cost of the total Project, including associated planning and design costs is one hundred twenty-nine million eight hundred sixty thousand two hundred twenty-nine dollars and no cents (\$129,860,229.00).

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:

DESCRIPTION	TOTAL ESTIMATED COST	PROJECT FUNDING AMOUNT
Construction Cost	\$98,002,000	\$98,002,000
Pre-Purchased Material/Equipment	0	0
Purchase of Land	0	0
Contingencies	\$14,700,300	\$14,700,300
Allowances	\$17,157,929	\$17,157,929
Totals	\$129,860,229	\$129,860,229

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

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

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

(b) Under no circumstances may the sum of line items in the budget approved through the Final Budget Approval process exceed the Project Funding Amount. Any increase in the Project Funding Amount will require an Agreement amendment.

B.1.6 Contingent Disbursement.

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

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

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

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

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

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

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

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

B.1.7 Disbursement Procedure.

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

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

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

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

B.1.8 Withholding of Disbursements.

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

- (a) The Recipient's failure to maintain reasonable progress on the Project as determined by the Division;
- (b) Placement on the ballot or passage of an initiative or referendum to repeal or reduce the Recipient's 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 one hundred twenty-nine million eight hundred sixty thousand two hundred twenty-nine dollars and no cents (\$129,860,229.00).

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 nine tenths (0.9%) per annum.

Exhibit B

(b) Interest will accrue beginning with each disbursement.

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

- an Administrative Service Charge
- a Small Community Grant Fund Charge

B.2.4 [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) Beginning one year after Completion of Construction, the Recipient must submit an annual Payment of the principal of the Project Funds, together with all interest accruing thereon. The Recipient must make Payments fully amortizing the total principal of the Project by the Final Payment Date. Payments are based on a standard fully amortized assistance amount with equal annual payments.

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

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

(d) The Recipient is obligated to make all payments required by this Agreement to the State Water Board, notwithstanding any individual default by 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

Exhibit B

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 Enterprise Fund, Net Revenues in the Enterprise Fund, and any Reserve 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 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. The Recipient's Authorized Representative must request, if necessary, the authorization of the Recipient's decision-maker or decision-making body to file litigation to challenge any such initiative that it finds will render it unable to satisfy the rate covenant set forth in this Agreement and its obligation to operate and maintain the Project for its Useful Life. The Recipient must diligently pursue and bear any and all costs related to such challenge. The Recipient must notify and regularly update the State Water Board regarding the status of any such challenge.

B.4 ADDITIONAL DEBT.

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

(b) The Recipient may issue additional parity 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 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.

Except as disclosed with respect to *Kessner et al. v. City of Santa Clara et al.* (Santa Clara Co. Sup. Ct. Case Number: 20CV364054), 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.

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.

C.1.6 Solvency and Insurance.

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

C.1.7 Legal Status and Eligibility.

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

C.1.8 Financial Statements and Continuing Disclosure.

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

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

C.1.9 System Obligations

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

C.1.10 No Other Material Debt.

The Recipient has no Material Obligations other than System Obligations.

C.1.11 Compliance with State Water Board Funding Agreements.

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

C.2 DEFAULTS AND REMEDIES

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

Exhibit C

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, provided that such payment does not violate Section 3.02(b) of the Master Resolution, and the Recipient shall repay all other Project Funds disbursed hereunder;
- iii. pay interest at the highest legal rate on all of the foregoing; and
- iv. pay any Additional Payments.

C.2.2 [Reserved.]

C.2.3 Judicial remedies.

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

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

C.2.4 Termination.

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

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

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

C.2.6 Damages for Breach of Federal Conditions.

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

an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.

C.2.7 Remedies and Limitations.

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

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

C.2.8 Non-Waiver.

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

C.2.9 Status Quo.

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

C.3 STANDARD CONDITIONS

C.3.1 Access, Inspection, and Public Records.

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

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

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

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

with, the provisions and requirements of the federal Single Audit Act of 1984 and 2 CFR Part 200, subpart F, and updates or revisions, thereto.

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

- i. Establish an official file for the Project which adequately documents all significant actions relative to the Project;
- ii. Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Project, including all assistance funds received under this Agreement;
- iii. Establish separate accounts which will adequately depict all income received which is attributable to the Project, specifically including any income attributable to assistance funds disbursed under this Agreement;
- iv. Establish an accounting system which will accurately depict final total costs of the Project, including both direct and indirect costs;
- v. Establish such accounts and maintain such records as may be necessary for the State to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations; and
- vi. If Force Account is used by the Recipient for any phase of the Project, other than for planning, design, and construction engineering and administration provided for by allowance, accounts will be established which reasonably document all employee hours charged to the Project and the associated tasks performed by each employee. Indirect costs from Force Account are not eligible for funding.

(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) No work that is subject to CEQA or NEPA may proceed under this Agreement unless the State Water Board has provided environmental clearance. The State Water Board may require changes in the scope of work or additional mitigation as a condition to providing construction or implementation funding under this Agreement. Recipient shall not perform any work subject to CEQA and/or NEPA before the State Water Board completes its environmental review and specifies any changes in scope or additional mitigation that may be required. Proceeding with work subject to CEQA and/or NEPA without approval by the State Water Board shall constitute a breach of a material provision of this Agreement.

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

C.3.16 Governing Law.

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

C.3.17 Income Restrictions.

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

C.3.18 Indemnification and State Reviews.

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

C.3.19 Independent Actor.

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

C.3.20 Integration.

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

C.3.21 Leveraging Covenants.

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

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

C.3.22 No Discrimination.

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

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

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

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

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

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

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

(h) The Recipient, its contractors, and subcontractors must comply with all applicable federal civil rights regulations, including statutory and national policy requirements. (2 CFR § 200.300). This includes, to the

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greatest extent practicable and to the extent permitted by law, the requirement to respect and protect the freedom of persons and organizations to engage in political and religious speech. (Executive Order 13798).

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

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

C.3.23 No Third Party Rights.

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

C.3.24 No Obligation of the State.

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

C.3.25 Notice.

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

- (a) Within 24 hours of the following, the Recipient must notify the Division by phone at (916) 327-9978 and by email to Melky.Calderon@waterboards.ca.gov and Robert.Pontureri@waterboards.ca.gov and CleanWaterSRF@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 Melky.Calderon@waterboards.ca.gov and Robert.Pontureri@waterboards.ca.gov and CleanWaterSRF@waterboards.ca.gov, and by mail to the contact address set forth in Section 4 of this Agreement of the occurrence of any of the following events:
 - i. Bankruptcy, insolvency, receivership or similar event of the Recipient, or 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;

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- vii. Failure to observe or perform any covenant or comply with any condition in this Agreement;
 - viii. An offer from a public entity to purchase the Project or the System or any portion thereof, or any of the real or personal property related to or necessary for the Project;
 - ix. A proceeding or action by a public entity to acquire the Project or the System by power of eminent domain;
 - x. Incurrence of a System Obligation or other Material Obligation by the Recipient; or
 - xi. A default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a System Obligation or other Material Obligation of the Recipient, 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 Melky.Calderon@waterboards.ca.gov and Robert.Pontureri@waterboards.ca.gov and CleanWaterSRF@waterboards.ca.gov, and by mail to the contact address set forth in Section 4 of this Agreement of the following events:
- i. Material defaults on Material Obligations, other than this Obligation;
 - ii. Unscheduled draws on material debt service reserves or credit enhancements, reflecting financial difficulties;
 - iii. Substitution of credit or liquidity providers, if any or their failure to perform;
 - iv. Any litigation pending or threatened with respect to the Project or the Recipient's 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 Melky.Calderon@waterboards.ca.gov and Robert.Pontureri@waterboards.ca.gov and CleanWaterSRF@waterboards.ca.gov, and by mail to the contact address set forth in Section 4 of this Agreement of any of the following events:
- i. The discovery of a false statement of fact or representation made in this Agreement or in the application to the Division for this financial assistance, or in any certification, report, or request for disbursement made pursuant to this Agreement, by the Recipient, its employees, agents, or contractors;

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- 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 Unique Entity Identifier, assigned by the System for Award Management to the State Water Board.
- vii. [Reserved.]
- viii. 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.
- ix. 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.
- x. USEPA and the State Water Board have the right to reproduce, publish, use and authorize others to reproduce, publish and use copyrighted works or other data developed under this assistance agreement.
- xi. Where an invention is made with Project Funds, USEPA and the State Water Board retain the right to a worldwide, nonexclusive, nontransferable, irrevocable, paid-up license to practice the

Exhibit C

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.

- xii. 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.
- xiii. 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.
- xiv. 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.
- xv. 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.

- xvi. 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.

- xvii. 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.
- xviii. 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.
- xix. 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

Exhibit C

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

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

- xx. The Recipient agrees to comply with the requirements of USEPA's Program for Utilization of Small, Minority and Women's Business Enterprises.
- xxi. Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans; 42 USC § 7606; 33 USC § 1368. Except where the purpose of this Agreement is to remedy the cause of the violation, the Recipient may not procure goods, services, or materials from suppliers excluded under the federal System for Award Management: <http://www.sam.gov/> .
- xxii. 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.
- xxiii. 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.
- xxiv. All geospatial data created pursuant to this Agreement that is submitted to the State Water Board for use by USEPA or that is submitted directly to USEPA must be consistent with Federal Geographic Data Committee endorsed standards. Information on these standards may be found at www.fgdc.gov.
- xxv. If the Recipient is a water system that serves 500 or fewer persons, the Recipient represents that it has considered publicly-owned wells as an alternative drinking water supply.
- xxvi. The Recipient represents that it is not a corporation that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability; and it is not a corporation that was convicted of a felony criminal violation under a Federal law within the preceding 24 months.
- xxvii. The Recipient agrees to immediately notify the Project Manager in writing about any allegation of research misconduct involving research activities that are supported in whole or in part with 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.

xxviii. 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.

xxix. 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>.

xxx. The Recipient certifies that no Project Funds will be used on:

- a. Video surveillance or telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities), telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities);
- b. Telecommunications or video surveillance services produced by such entities;
- c. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country; or
- d. Other telecommunications or video surveillance services or equipment in violation of 2 CFR 200.216.

EXHIBIT D – SPECIAL CONDITIONS

Environmental:

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

a. The Mitigation Monitoring and Reporting Program adopted by the Elsinore Valley Municipal Water District on July 26, 2018 for the Project. The Recipient shall implement all mitigation measures therein.

2. The Recipient shall make no changes in the Project, construction area, or special conditions, without obtaining the appropriate and necessary prior approval(s) from the State Water Board.

REPORTING TO THE STATE WATER BOARD

1. In the Recipient's Progress Reports/Quarterly Reports and the Project Completion Report, submitted pursuant to this Agreement, the Recipient shall include a discussion of the status of its compliance with all environmental measures identified in this Exhibit D, with separate sections clearly labeled with section titles, discussing the status of Recipient's compliance with:

- a. Mitigation Measures No. 1 through No. 9 for biological resources in the MMRP,
- b. Mitigation Measures No. 10 through No. 17 for cultural resources in the MMRP, and
- c. Mitigation Measures No. 18 through No. 19 for tribal cultural resources in the MMRP.

EXHIBIT E – PAYMENT SCHEDULE

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

California CWSRF Payment Schedule

Principal is paid over: **30 Years**

Project No. 8462-110 - Elsinore Valley Municipal Water District
 Agreement: D2001048 - based on Actual + Projected Disbursements

Interest rate: **0.90000%**

Regional Water Reclamation Facility Expansion

Ref Num	Due Date	Date Received	Principal Payment	Interest Rate%	Interest Payment	Total P and I Payment	Total Payment	Ending Balance	CPI Interest
1	9/30/2025		3,795,918.54	0.900	1,083,034.28	4,878,952.82	4,878,952.82	124,044,259.46	0.00
2	9/30/2026		3,825,110.04	0.900	1,133,244.12	4,958,354.16	4,958,354.16	122,239,200.42	0.00
3	9/30/2027		3,858,201.36	0.900	1,100,152.80	4,958,354.16	4,958,354.16	118,380,999.06	0.00
4	9/30/2028		3,892,925.17	0.900	1,065,428.99	4,958,354.16	4,958,354.16	114,488,073.89	0.00
5	9/30/2029		3,927,961.49	0.900	1,030,392.67	4,958,354.16	4,958,354.16	110,560,112.40	0.00
6	9/30/2030		3,963,313.15	0.900	995,041.01	4,958,354.16	4,958,354.16	106,596,799.25	0.00
7	9/30/2031		3,998,982.97	0.900	959,371.19	4,958,354.16	4,958,354.16	102,597,816.28	0.00
8	9/30/2032		4,034,973.81	0.900	923,380.35	4,958,354.16	4,958,354.16	98,562,842.47	0.00
9	9/30/2033		4,071,288.58	0.900	887,065.58	4,958,354.16	4,958,354.16	94,491,553.89	0.00
10	9/30/2034		4,107,930.17	0.900	850,423.99	4,958,354.16	4,958,354.16	90,383,623.72	0.00
11	9/30/2035		4,144,901.55	0.900	813,452.61	4,958,354.16	4,958,354.16	86,238,722.17	0.00
12	9/30/2036		4,182,205.66	0.900	776,148.50	4,958,354.16	4,958,354.16	82,056,516.51	0.00
13	9/30/2037		4,219,845.51	0.900	738,508.65	4,958,354.16	4,958,354.16	77,836,671.00	0.00
14	9/30/2038		4,257,824.12	0.900	700,530.04	4,958,354.16	4,958,354.16	73,578,846.88	0.00
15	9/30/2039		4,296,144.54	0.900	662,209.62	4,958,354.16	4,958,354.16	69,282,702.34	0.00
16	9/30/2040		4,334,809.84	0.900	623,544.32	4,958,354.16	4,958,354.16	64,947,892.50	0.00
17	9/30/2041		4,373,823.13	0.900	584,531.03	4,958,354.16	4,958,354.16	60,574,069.37	0.00
18	9/30/2042		4,413,187.54	0.900	545,166.62	4,958,354.16	4,958,354.16	56,160,881.83	0.00
19	9/30/2043		4,452,906.22	0.900	505,447.94	4,958,354.16	4,958,354.16	51,707,975.61	0.00
20	9/30/2044		4,492,982.38	0.900	465,371.78	4,958,354.16	4,958,354.16	47,214,993.23	0.00
21	9/30/2045		4,533,419.22	0.900	424,934.94	4,958,354.16	4,958,354.16	42,681,574.01	0.00
22	9/30/2046		4,574,219.99	0.900	384,134.17	4,958,354.16	4,958,354.16	38,107,354.02	0.00
23	9/30/2047		4,615,387.97	0.900	342,966.19	4,958,354.16	4,958,354.16	33,491,966.05	0.00
24	9/30/2048		4,656,926.47	0.900	301,427.69	4,958,354.16	4,958,354.16	28,835,039.58	0.00
25	9/30/2049		4,698,838.80	0.900	259,515.36	4,958,354.16	4,958,354.16	24,136,200.78	0.00
26	9/30/2050		4,741,128.35	0.900	217,225.81	4,958,354.16	4,958,354.16	19,395,072.43	0.00
27	9/30/2051		4,783,798.51	0.900	174,555.65	4,958,354.16	4,958,354.16	14,611,273.92	0.00
28	9/30/2052		4,826,852.69	0.900	131,501.47	4,958,354.16	4,958,354.16	9,784,421.23	0.00
29	9/30/2053		4,870,294.37	0.900	88,059.79	4,958,354.16	4,958,354.16	4,914,126.86	0.00
30	9/30/2054		4,914,126.86	0.900	44,227.14	4,958,354.00	4,958,354.00	0.00	0.00
			129,860,229.00		18,810,994.30	148,671,223.30	148,671,223.30		0.00

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).

Elsinore Valley Municipal Water District

Grants/Loans Activity Summary - As Of Oct 2021

I	Awarded (Completed)		\$				25,421,431	\$350,044,043	
II	Current Projects		\$				228,965,612		
III	Pending Funding Agreement		\$				-		
IV	Submitted Applications		\$				-		
V	Future Pursuits		\$				95,657,000		
		PHASE							
Funding: Project Name		Future Application	Initiation	Planning/Design	Implementation	Final Stages	Complete	Funding *	Future Pursuits
TOTALS		6	1	7	2	0	15	\$ 254,387,043.00	\$ 95,657,000.00
I	Awarded (Completed)								
1	SRF: Regional Water Reclamation Facility Upgrade Design - Low interest loan est. 0% 10-year repayment						X	\$ 2,557,346	
	SRF: Regional Water Reclamation Facility Upgrade Design - Grant						X	\$ 500,000	
2	SRF: Regional Water Reclamation Facility SCADA Construction - Low interest loan est. 1.8% 20-year repayment						X	\$ 1,555,777	
	SRF: Regional Water Reclamation Facility SCADA Construction -Grant						X	\$ 1,555,776	
3	CDPH/SWRCB: Safe Drinking Water SRF Prop 1						X	\$ 4,500,000	
4	Wells Fargo/NFWF Environmental Solutions for Communities Grant						X	\$ 38,000	
5	DWR Water-Energy Grant						X	\$ 858,625	
6	BOR: Water Conservation Field Services Program So Call Office (SCAO)						X	\$ 75,000	
7	BOR: WaterSmart: Title XVI Reclamation and Reuse Program Feasibility Studies						X	\$ 150,000	
8	Bay-Delta Restoration Program: CALFED Water Use Efficiency Grants						X	\$ 750,000	
9	BOR: Drought Contingency Planning Grant						X	\$ 115,000	
10	AMI Clean Water State Revolving Fund (SRF) Green Reserves Fund - Low interest loan 1.3% 20-year repayment						X	\$ 2,347,026	
11	AMI Clean Water State Revolving Fund (SRF) Green Reserves Fund						X	\$ 3,453,047	
12	County Water Company Temporary Connection						X	\$ 500,000	
13	BOR: Water Conservation Field Services Program						X	\$ 90,000	
14	BOR: System Optimization Review (SOR)						X	\$ 80,000	
15	SRF: Regional Water Reclamation Facility Expansion - Low interest loan est. 0% 10-year repayment						X	\$ 5,795,834	
	SRF: Regional Water Reclamation Facility Expansion Phase - Green Project Principal Forgiveness						X	\$ 500,000	
I: TOTAL AWARDED		0	0	0	0	0	15	\$ 25,421,431	\$ -
II	Current Projects								
1	DWR: Groundwater Sustainability Plan			X				\$ 1,000,000	
2	BOR: Palomar Well			X				\$ 300,000	

Elsinore Valley Municipal Water District

Grants/Loans Activity Summary - As Of Oct 2021

I	Awarded (Completed)								
		\$						25,421,431	
II	Current Projects							228,965,612	
III	Pending Funding Agreement							-	
IV	Submitted Applications							-	
V	Future Pursuits							95,657,000	
3	SRF: Regional Water Reclamation Facility Upgrades Construction Regional WRF - Low-Interest Loan				X			\$ 42,487,100	
3	SRF: Regional Water Reclamation Facility Upgrades Construction Regional WRF - Green Project Principal Forgiveness				X			\$ 3,500,000	
4	SARCCUP			X				\$ 3,044,580	
5	Title XVI BOR -Regional Expansion Planning/Design			X				\$ 909,936	
6	Regional WRF Expansion Construction Agreement Date October 2021			X				\$ 129,860,229	
7	Diamond Regional Sewer Lift Station and Dual Force Mains							\$ 36,540,937	
8	Local Hazard Mitigation Plan			X				\$ 125,000	
9	Rice Canyon Mitigation Efforts			X				\$ 1,897,766	
10	Title XVI BOR- Regional Expansion Construction Award Notice 1.19.2021							\$ 9,300,064	
II: TOTAL PENDING FUNDING AGREEMENT		0	0	7	2	0	0	\$ 228,965,612	\$ -
III	Pending Funding Agreement								
III: TOTAL PENDING FUNDING AGREEMENT		0	0	0	0	0	0	\$ -	\$ -
IV	Submitted Applications								
1	Septic to Sewer – Sedco Hills Planning		X						
IV: TOTAL SUBMITTED APPLICATIONS		0	1	0	0	0	0	\$ -	
V	Future Pursuits								
1	Lee Lake Dam/ and Basin	X						\$ 40,000,000	
2	Canyon Lake Masterplan Upgrades	X						\$ 30,000,000	
3	HT Canyon Treatment Plant Upgrades	X						\$ 15,800,000	
4	Water Line Replacement Program	X						\$ 5,000,000	
5	Integration of meters with AMI 3 Phases	X						\$ 600,000	
6	Replace/Rehab Mayhew Well	X						\$ 4,257,000	
V: TOTAL FUTURE PURSUITS		6	0	0	0	0	0	\$ -	\$ 95,657,000.00